Austria	Sch 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr 42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 118
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 7.25	Lebanon	£L 8.00	Sweden	SKr 6.50
Egypt	E£1.00	Luxembourg	LFr 42	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $95
France	FFr 8.00	Mexico	Pes. 300	Tunisia	Din 0.800
Germany	DM 2.20	Morocco	Dr 6.00	Turkey	L 210
Greece	Dr 78	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,792 — Friday November 29 1985 — D 8523 B

How Texaco fell out with Wall Street, Page 15

World news | Business summary

Guerrillas attack SA oil plants

Black guerrillas, believed to be members of the African National Congress, made a rocket assault on two strategic South African oil from coal installations at Secunda in the eastern Transvaal. Security forces killed three of the attackers.

The latest attack, which follows a series of landmine explosions near the South African-Zimbabwean border, appears to be part of a stepped-up sabotage campaign by the ANC.

A decision to intensify the armed struggle against the South African regime was taken at the ANC congress last June, and the latest incidents indicate that this policy is now being put into effect. Page 3

Ulster go-ahead

Irish Senate approved Anglo-Irish agreement on Northern Ireland by 37 to 16, the final parliamentary assent required for the two governments to put the accord into effect.

Moscow aid to Cuba

The Soviet Union will send 50,000 tonnes of grain and 16,000 tonnes of building material to Cuba to cope with Hurricane Kate damage.

Belgian coalition

Belgian Premier Wilfried Martens formed a centre-right coalition pledged to continue the economic austerity policies of its predecessor. Page 2

Bank 'fraud'

Police in London said they had found evidence of fraud at Johnson Matthey Bankers (JMB) in a probe of the affairs of the bank which collapsed last year and was rescued by the Bank of England. Page 8

EEC dust controls

Tough controls on asbestos dust emissions and waste disposal have been proposed by the European Community's executive commission.

Policeman sentenced

Two Polish policemen were given jail terms by a court in Slupsk, northern Poland, for giving information to underground Solidarity activists during martial law.

No Aquino retrial

Philippine Supreme Court cleared the way for a verdict in the trial of 26 men accused of involvement in the murder of opposition leader Benigno Aquino by dismissing a petition calling for a new trial.

Bokassa threat

Former emperor Jean-Bedel Bokassa said he would "tell all the secrets" if France did not grant him an exit visa and allow him to return home to the Central African Republic. Bokassa was deposed by French troops in 1977

Greek strike

Greece's 350,000 civil servants staged a 24-hour strike, which disrupted the Government, schools, hospitals, ports, airports and courts. At the same time air traffic controllers ended a four-day hunger strike in support of wage demands in which 120 people collapsed from exhaustion. Page 2

Mail boycott ends

Finnish postal workers halted a two-week-old boycott of South African mail, and telecommunications staff dropped plans to cut telex and telephone links.

Bribery charge

Italian senator Dino Viola, chairman of the Roma football club, is to be tried by football authorities for allegedly trying to bribe the referee in a European Cupwinners' Cup match last year.

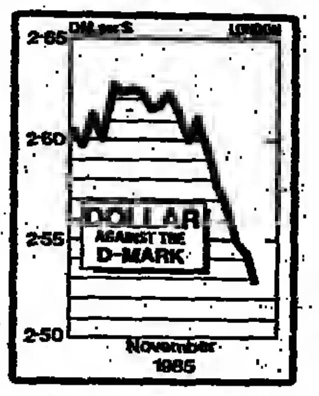
Salvador strike ends

Some 15,000 Salvadoran civil servants went back to work after a 21-day strike over salary increases.

BASF profits ahead by 33%

BASF, West German chemicals group, achieved a 33.6 per cent rise in pre-tax profit to DM 2.46bn ($968m) for the nine months to September and says recent US and European acquisitions will bring better results next year. Page 15

BRITAIN cleared way for sale of British Gas to private sector, the largest flotation in any stock market, but its draft legislation left many key issues about the gas industry unresolved. Page 14; The US Experience, Page 12



DOLLAR continued to fall in London, closing at DM 2.5285 (DM 2.542), SFr 2.083 (SFr 2.09) and FFr 7.72 (FFr 7.745). It improved, however, to Y201.5 (Y201.0). On Bank of England figures the dollar's exchange-rate index fell to 126.5 from 128.9. Page 27

STERLING gained 30 points against the dollar in London to $1.477. It also improved to SFr 3.085 (SFr 3.08) and Y297.5 (Y296.25) but fell to FFr 11.4025 (FFr 11.415) and DM 3.735 (DM3.745). The pound's exchange rate index rose 0.1 to 80.8. Page 27

GOLD fell $2.00 on the London bullion market to $326.50 and was also lower in Zurich at $326.65. Page 26

TOKYO: Shares were driven lower by uncertainty over the outlook for interest rates. The Nikkei average shed 36.65 to 12,741.19. Page 34

LONDON: Stocks were hit by a burst of profit-taking around noon. The FT Ordinary share index edged 5.9 lower to 1,133.0, and the FT-SE 100 shed 8.7 to 1,429.3. Page 34

WALL STREET was closed for Thanksgiving. US mutual funds boom, Page 34

LAURA ASHLEY: Share issue of British fashion and design group was heavily oversubscribed, perhaps by 40 times, as would-be investors queued in London to hand in applications. Page 14

TORONTO-DOMINION, fifth largest Canadian bank, lifted fourth-quarter earnings to C$109.9m ($79m), or 77 cents a share, from C$93.4m, or 67 cents, in the year-ago period.

ROYAL BANK of Scotland lifted full-year pre-tax profits by 27 per cent to £166.3m ($244m). Lex, Page 14; Details, Page 22

DEUTSCHE BANK, West Germany's biggest bank, expects record operating profits this year of DM 3bn ($1.2bn) for the parent company and DM 4bn for the group but does not propose to increase its dividend. Page 17

BMW, West German car and motorcycle maker, has increased its stake in Loewe Opta, electronics and television company, to 31 per cent. Page 15

SCANDINAVIAN Airlines System (SAS) achieved record turnover and profits in the year to September 30, with sales up 10 per cent at SKr 19.8bn ($2.6bn) and earnings up 28 per cent at SKr 1bn. Page 16

UNION BANK of Switzerland, Swiss Bank Corporation and Credit Suisse, already active in the Zurich gold pool, announced the establishment of a joint silver fixing. Page 28

ANGLO AMERICAN Corporation, South African mining group, reported a 30 per cent increase in net profits to R452.4m ($170.9m) for the six months to September.

New US curbs on EEC steel puts pressure on UK

BY IVO DAWNAY IN BRUSSELS

PRESSURE on Britain to lift its block on a four-year EEC-US steel trade pact intensified markedly yesterday when Washington announced new restraints on European deliveries.

The US move came as clear retaliation for the Community's failure to endorse the agreement when foreign ministers discussed the question on Tuesday. Although nine member states were ready to sign the deal, the UK insisted on further time to consider provisions for semi-finished steels.

The European Commission was yesterday seeking details from Washington about the new measures against EEC exports now being imposed, but these efforts were hampered by the closure of US government offices for the Thanksgiving holiday.

It is understood that the American curbs involve the suspension forthwith of "immediate delivery" privileges that speed Community steel deliveries through customs procedures. There is also thought to be a new ceiling on tonnages of some steel products allowed into the US this year.

Officials of the European Commission said last night that it was believed these restraints were aimed specifically at semi-finished steels. But no figures were available as to the new ceilings imposed by the US, or whether further deliveries will be possible this year.

Brussels' reaction to the move has been to call again on Britain to endorse the pact. Mr Willy de Clercq, the External Relations Commissioner, is understood to have contacted the UK yesterday to warn that responsibility for any collapse of the tortuously negotiated pact would be laid firmly at London's door.

Britain remains concerned, however, that likely restrictions on sales of semi-finished products to the US next year will prevent it meeting its commitments. In particular, it fears that reduced allocations to the British Steel Corporation will mean the state-owned producer will be unable to fulfil a contract for 250,000 tonnes a year for Tuscaloosa Steel of Alabama, in which it holds a minority interest.

Last year, the UK's contribution to EEC semi-finished steel exports to the US accounted for only 34,000 tonnes out of a total of about 850,000 tonnes.

Talks between Mr de Clercq and Mr Clayton Yeutter, the US Trade Representative, this week established that a special allocation allowing deliveries of 200,000 tonnes could be made for the UK next year. But he also hinted that the main EEC ceiling might be fixed at 400,000 tonnes.

In that case, Britain's share of this tonnage would seem likely to fall substantially below its 34,000 tonnes, delivered in 1984, thereby suggesting that both the Tuscaloosa order and other contracts could not be filled in full by BSC.

The UK suggested this week that it could lift its reserve on the pact within a few days, but clarification was necessary on a number of aspects of the provisions for semi-finished products including the likely duration for which any ceilings on deliveries would be imposed.

EEC steel quotas, Page 2; Brussels regional aid for UK, Page 14

Overture from US for European fighter stake

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE US has suggested to the four European countries developing the tactical fighter for the 1990s – the European Fighter Aircraft (EFA) – that it would like a small stake in that venture. The EFA might eventually involve production of over 800 aircraft, worth over $20bn.

Mr Caspar Weinberger, US Defence Secretary, has written to his counterparts in the UK, West Germany, Italy and Spain to seek their views on his proposal.

His approach is understood to be similar to that made some weeks ago by President François Mitterrand of France, seeking a stake of 5 to 10 per cent in the EFA.

Although last summer France participated in discussions on the feasibility of the EFA, failure to agree led the UK, West Germany and Italy to go ahead alone, later being joined by Spain.

The four European ministers are considering their response. Although they take the US approach seriously, they are likely to ask Mr Weinberger for closer details of what he is seeking, and especially what the European countries would get in return.

Their response will be similar to that made to President Mitterrand. There is concern lest the French and US are merely seeking small stakes in EFA to gain access to advanced European aerospace technology at little cost to themselves, with little offered in return.

France is developing a rival to the EFA: the Rafale or Avion de Combat Expérimental (ACX). The US is also planning an Advanced Tactical Fighter (ATF) for the 1990s.

The Rafale and ATF would differ in role and performance from the EFA but would be sufficiently close to compete with it for orders from uncommitted nations in Western Europe, such as Belgium, Denmark, the Netherlands and Norway, as well as elsewhere.

As a result, there are mixed feelings about both approaches. The general view is that the approaches are worth exploring but that with project definition of the EFA now well under way, there should be no retreat from the four-nation plan for a multi-role air superiority and ground-support fighter.

Feeling is growing, especially in West Germany, that the existing UK-German-Italian Panavia company building the Tornado multi-role combat aircraft should also take over the EFA, with Spain being brought into Panavia.

It is argued in the aerospace industries that many executives in the three Tornado countries are also working on the EFA and that it would waste time and money to create an entirely new organisation.

Defence officials involved, however, argue that Panavia will still have too much to do in the later 1980s and into the 1990s. Tornado development and production will continue, and demand will arise for exports and new versions, such as the Electronic-Combat-Reconnaissance (ECR) model for West Germany and probably also Italy.

Gemina sells Montedison stake

BY ALAN FRIEDMAN IN MILAN

GEMINA, the holding company controlled by Fiat, Pirelli and other leading Italian industrial companies, is to sell its controlling 17.1 per cent stake in the Montedison chemicals group, a block of shares valued at $272m.

The buyers comprise the Varasi group, a maker of minesweepers and paints; clients of S. G. Warburg, the UK merchant bank; and a shareholders' group which includes the Ferruzzi agribusiness concern.

This deal – which was agreed by Fiat only this week – represents a seminal change in the balance of Italian industrial power. It comes only days after the settlement of the key issue in Italian finance, the struggle for control of Mediobanca, the merchant bank.

The departure of Gemina, which in 1981 acquired control of Montedison from the IBI and ENI state holding groups, marks the coming of age of Montedison as a restructured and less tightly controlled group. It is a personal triumph for Mr Mario Schimberni, the Montedison chairman, who incurred the wrath of the Agnellis and other Gemina shareholders last summer when he defied the major Montedison shareholder and took over the BI-Invest group against Gemina's wishes.

The Milan-based Montedison is expected to make a 1985 consolidated net profit of more than L100bn ($58m) this year and might pay its first dividend after a decade of losses.

Gemina's disposal of the Montedison share stake was organised over the past 10 days by Mr Francesco Micheli, the stockmarket raider who prompted Montedison's takeover of BI-Invest. Dr Enrico Cuccia, the Mediobanca director who represents Lazard Freres, gave his blessing to the deal.

Gemina's 17.1 per cent shareholding will be split up in the following way:

- PAF, the listed Varasi family holding company which last year had turnover of L350bn, is to buy just under 12 per cent.
- Rowak, the international securities arm of the S. G. Warburg group, will acquire 3.5 per cent on behalf of clients the identity of which has not been disclosed.
- The remaining 1.6 per cent will go to a shareholding group including Mr Raul Gardini, the Ferruzzi chairman, who is already the designated leader of a group of shareholders that controls a separate 10 per cent of Montedison.

The result of all these transactions is that in place of Gemina, which is 27 per cent controlled by the Agnelli family, a new group – Varasi, supported by Mr Gardini and others – will have the largest Montedison shareholding. A further 25 per cent of Montedison is held outside of Italy, mostly in the US.

Varasi, which sells minesweepers to the Italian navy and to other countries via its intermarine subsidiary in La Spezia, is to finance its L328bn share of the L467bn deal with bridging loans from a consortium of Italian banks, including Banca Commerciale Italiana, Nuovo Banco Ambrosiano and Banca Nazionale dell'Agricoltura.

Varasi will finance part of its ac-

Continued on Page 14

Laing and Wimpey pull out of Saudi Arabia

By Joan Gray in London

TWO of Britain's biggest construction companies, John Laing and George Wimpey, have pulled out of Saudi Arabia and flown their staff home because of non-payment for work carried out by their joint-venture company with a local partner, Laing Wimpey Alireza.

The companies have completed contracts worth more than £112m ($164m) over the last five years. But all their big projects – including a £42m building programme for the Saudi Ministry of Health – have been completed, and their workload has been declining. The venture has announced no large new contracts since 1983 and has not been profitable for some time.

The move is a reflection of the economic crisis affecting Saudi Arabia, which is facing severe difficulties in adjusting to the impact of lower oil prices and curtailed production.

Wimpey's share price on the London Stock Exchange fell from 129p to 124p yesterday morning on the news but recovered to 126p. Laing's share price fell from 345p to 318p but closed at 324p.

Neither company will be drawn on the size of payments involved or on which contracts have created the problems.

The move follows the decision by two other British construction companies, Henry Boot and Sons and W. S. Try, to put their joint venture in Saudi Arabia, Intry, into receivership earlier this year as a result of delayed payments on a £20m zoo which Intry was building in the country's capital, Riyadh.

Although both Laing and Wimpey have flown their staff home from Saudi Arabia, the withdrawal is not necessarily permanent, a Wimpey spokesman said.

"We had completed our contracts and had no work in hand, so we decided to withdraw our staff," he said.

The number of staff involved was not large, he added – two from Wimpey and a "couple of dozen from Laing."

Large contracts carried out by the companies include, for the Saudi Ministry of Health, a $33m hospital at Al Jubail, completed in 1984, and hospitals at Al Bukayriyah and Al Midhnab, costing £42m and also completed in 1984.

The company has also built a £19m embassy complex for the British Government and a £9m Canadian embassy. All these have been completed, and the spokesman emphasised there were no problems outstanding with the large contracts.

Brazil reforms tax and seeks cut in deficit

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN Government yesterday announced extensive personal tax reforms and the creation of a social welfare programme aimed at improving the conditions of the most needy.

Simultaneously, it announced several measures to reduce the worryingly large public-sector deficit – officially estimated, on an operational basis, at 2.8 per cent of gross domestic product this year – to 0.5 per cent in 1986.

The long-awaited measures were announced personally by President Jose Sarney in a live television broadcast and then sent to Congress for approval. The Government hopes that will be obtained by December 5, when Congress breaks up for its long summer recess.

One unexpected element was the announcement by Mr Dilson Funaro, the Finance Minister, that foreign loans to Brazil will in future be exclusively directed by the Government to state companies to help them to roll over their forthcoming debt amortisations. Mr Funaro, however, gave no details of the measure.

Mr Sarney, expecting possible difficulties in Congress, made a special appeal to the country's politicians for their support in helping to "build a great country, in the countryside and the towns."

Once approved by the legislature, the programme is to be submitted to the International Monetary Fund and foreign bank creditors for their information, as being the basis of Brazil's economic plans for 1986.

Among the measures signed by President Sarney yesterday was the official launch of a much discussed programme to sell off or reduce the Government's holding in a range of state-owned manufacturing companies.

The initial list of 17 enterprises includes share issues in Telebras, the federal telephone company; Petroquisa, the leading basic chemicals company; and Usiminas, part of the Siderbras steel holding group.

An issue of preferential, non-voting shares in Petrobras, the state oil monopoly, expected to raise over US$400m, is to go to the market today. Five billion shares, representing 6 per cent of Petrobras's capital stock, is to be sold to the public in the largest such transaction yet undertaken in Brazil.

Continued on Page 14

Debt move unlikely to hit UK, Page 4

Swire to sell 25% of Cathay Pacific

BY DAVID DODWELL IN HONG KONG

SWIRE PACIFIC yesterday announced plans to seek a public listing in Hong Kong for Cathay Pacific Airways, its highly profitable airline subsidiary, offering 25 per cent of the shares to the public. The offering is likely to be the largest yet mounted in Hong Kong and could raise about HK$2.5bn ($320m).

The offer has strong political overtones because of increasing pressure for the airline to establish itself as a locally controlled company ahead of 1997, when China regains sovereignty over Hong Kong from the UK.

It is also no coincidence that the announcement comes as a hearing begins next Monday of Hong Kong's Air Traffic Licensing Authority (Atla) at which Cathay Pacific and two newly created local airlines compete for licences to operate several regional services from Hong Kong.

Caledonian Far East, a subsidiary of British Caledonian Airways and one of the contesting bidders, is expected to unveil details of prospective investors early next week.

It comes shortly after the announcement of plans by the government-controlled Singapore Airlines and Malaysian Airline System to offer shares to the public. British Airways is also in the process of being denationalised in the UK.

The share sale is planned for the first half of next year, with merchant banks Baring Brothers and Wardley acting as advisers and issuers.

Mr Michael Miles, chairman of Swire Pacific, said yesterday that the parent intended to maintain majority control of Cathay – which was founded in Hong Kong in 1946 – and would continue to manage it. At present, Swire Pacific owns a 70 per cent stake in Cathay, with the Hongkong and Shanghai Banking

Continued on Page 14

Lex, Page 14; SIA issue oversubscribed, Page 17

CONTENTS

EUROPEAN NEWS

Nato offer likely on troop cuts

By Patrick Blum in Vienna

NATO may soon moke new proposals to break the deadlock at the Vienna talks on reducing conventional forces in Europe, according to officiols in Vienna.

Intense consultations are taking place in Western capitals and at the Nato headquarters in Brusels lo preporation for a Western response to Warsaw Pact proposals submitted last February, a Western official soid yesterday.

After yesterday's weekly session of oegotiations here, Mr John Karch, the Western spokesman, would not confirm or deny recent reports that Nato was about to make new proposals.

The 12-year-old talks have been deadlocked by disputes over the number of troops deployed tn the region and over measures to verify compliance with an agreement.

"Nato's assessment is ongoing and you can appreciate that I cannot comment on the specifics of Allied consultations. The Eastern proposal of February 1985 is being given intensive scrutiny, assessment, analysis aod study," Mr Karck said yesterday.

Western officials welcomed the joint statemeot made in Geneva by Mr Ronald Reagan, the US President, and Mr Mikhail Gorbachev, the Soviet leader, expressing the two sides' "willingness to work for positive results" at the Vienna talks.

Officials, however, stress that there were no immediate results for the Vienna talks from the summit.

Nevertheless, East Bloc officials suggested yesterday that a Nato response could be made next week. But they warned against the West introducing new elements in the negotiations which would further complicate the search for an agreement.

EEC steel consumption may be increasing, says Commission

BY QUENTIN PEEL IN BRUSSELS

STEEL CONSUMPTION in the EEC in the first quarter of next year should equal or even exceed the level for the same quarter of 1985, the European Commission said yesterday, expressing cautious confidence in the state oft he steel morket.

The latest figures for production quolas forthe first time exclude mandatory ceilings for both reinforcing bars and other coated sheet, in line with the Commission decision on progressive liberalisation of the market.

The application of minimum prices is also being suspended from December 31, with the Commission insisting that the general price outlook is "fairly stable."

The Commission yesterdoy blamed the weaknes sof prices io specific sectors such as stainless steel and hot-rolled coil on the state of the international market, and currency movements, rather than on internal factors. British producers have blamed France for selling surplus production on the UK and West German markets.

EEC STEEL PRODUCTION QUOTAS
(thousand tonnes)

	2nd qtr 1985	3rd qtr 1985	4th qtr 1985	1st qtr 1986
Hot-rolled coils	5,811	4,111	4,115	3,827
Uncoated sheet	3,982	3,442	3,332	3,276
Galvanised sheets	952	877	866	877
Other coated flat products	935	759	785	—
Quarto plate	1,401	1,277	1,311	1,333
Heavy sections	1,249	1,062	1,108	1,149
Wire rod	2,906	2,507	2,595	2,517
Reinforcing bars	1,953	1,737	1,922	—
Merchant bars	2,435	2,167	2,127	2,127

The only quota to be cut back significantly in the first quorter of 1986 is for hot-rolled coil, blamed on the less favourable export outlook.

The Commission forecasts admit that "the outlook for external trade is uncertain and rather cautious figures have been tabled for both imports and exports." Imports are expected to decline froio 2.8m to 2.5m constant at 6m tonnes, in the three-month period.

Overall EEC consumption is forecast at 26.7m tonnes in the first 1986 quarter, compared with 27.6m tonnes in the present quarter, and 25.75m tonnes in the first quarter of 1985.

Production is expected to reach 30.2m tonnes, takiog into account the balance of external trade.

Even allowing for the end-of-the-year break, it should be possible to achieve the estimated 30.5m tonnes for the current three months, it says. In spite of the "slightly disappointing" outcome for the third quarter (28.7m tonnes against a target of 29.5m tonnes) "there is a good chance that 1984 output of 120.2m tonnes may be exceeded."

Sakharov wife due to leave next week

By Our Moscow Correspondent

MRS YELENA BONNER, wife of the dissident physicist Dr Andrei Sakharov, is expected to leave Moscow for medical treatment in Italy next Monday after 19 mooths in internal exile with her husband in the closed city of Gorky.

A spokesman for the Italian airline Alitalia said yesterday that Mrs Bonner (62) has a ticket for next Monday's flight to Rome vio Milan.

She orrived in Moscow on Tuesday. Uniformed police who have kept a 24-hour watch on her flat here ever since she was exiled lo Gorky last year have barred foreigners from entering the premises this week.

Her children, who live in the US, say she told them in two rare telephone calls in the past month that she had agreed with the Soviet authorities not to talk to the Press while she is abroad. She travelled to the West for treatment of the eye oilment glaucome in 1975, 1977 and 1979. Soviet authorities only granted her an exil visa this time, however, after Dr Sakharov staged at least three hunger strikes to win permission for her to travel.

Mrs Bonner, who acted as Dr Sakharov's liaison with the outside world after he was exiled to Gorky in January, 1980, was arrested in May, 1984, and later sentenced to five years' internal exile in Gorky

She is believed to be the first person allowed to travel abroad while under such o sentence. Word thot she would be allowed to travel abroad come shortly before the Geneva summit.

Irish shipping line plans to lay off 500 workers

BY HUGH CARNEGY IN DUBLIN

B & I, the Irish state-owned shipping line, is to start laying off 500 workers from today after peace talks with striking seamen broke down yesterday.

The strike which began on Tuesday over the company's restructuring plans has caused heavy disruption of freight and passenger services between Ireland and the United Kingdom and adds to the problems facing the B & I Board in its efforts lo turn the company around.

B & I's chief executive, Mr Alex Spain, met the leader of the Seamen's Union of Ireland (SUI) yesterday for the second time in the dispute, to urge him to call off the strike while the board considered alternatives to its restructuring plan put forward by different groups of employees, unions and officers.

The talks ended with no agreement and the company said it would begin laying off non-SUI employees from today.

B & I, with projected losses this year of I£6m (£5m), has announced a plan to shed more than one quarter of its 2,000 workforce, cease its Rosslare-Pembroke ferry service aod contract-out of duty-free and catering activities.

The SUI, which represents about 730 of the B & I workforce, regards the restructuring plan as a major threat to its powerful position within the company.

Under long-established practices, it has a commanding influence in the hiring and firing of shipboard employees up to the rank of chief purser

French current account shows small surplus

By David Housego in Paris

THE FRENCH current account registered a small surplus of FFr 209m (£18m) in the third quarter, thus reducing the deficit for the first nine months to FFr 6.1bn (£535m). On a seasonally adjusted basis, the deficit for the first three quarters has been cut to FFr 352m.

This overall improvement, however, conceals widely differing performances on the trade and services occount. On revised seasonally adjusted figures, the trade deficit for the first nine months amounted to FFr 19.7bn. This was partly offset by a contioued strong surplus on tourist earnings.

EEC may send human rights mission to Iran

THE EUROPEAN Parliament may send a delegation to Iran to investigate prison conditions after hearing allegations yesterday of unfair imprisonment, torture and mass execution, members of the Parliament's human rights committee said, Reuter reports from Brussels.

They were speaking after a public hearing of the parliament's political affairs committee into alleged human rights abuses in Iran. Witnesses alleged that people regarded as political or religious enemies of the Islamic revolution were persecuted and killed, Amnesty International, the human rights group, said in evidence yesterday that over 1,000 people had been executed since 1984.

Mr Christian Rostoker, Secretary-General of the International Human Rights Federation, said o European Parliament mission to Iran would probably be the most effective way of making concern on the civil rights situation clear to the country's government.

More Swiss trees sick or dying from pollution

MORE THAN a third of Switzerland's trees are sick or dying from pollution, a slight increase on the number a year ago, according to a government study released yesterday, AP reports from Bern.

Most of the damaging pollution is being generated in Switzerland by vehicles, industry and heating, said tha study by the Federal Institute of Forestry Research.

The most affected areas were the southern cantons (states) of Valais and Grisons, where 56 per cent of all trees were affected. The 46 per cent damage rate in mountainous regions, where forests help to prevent avalanches and soil erosion, was also of concern.

In some Alpine regions, entire forests had disappeared, the report said.

Mr Walter Bosshard, director of the forestry institute, warned earlier this year of an increasing probability of natural disasters in mountain areas such as rockslides, erosion and flooding because of forest death.

The phenomenon of dying forests has beeo widely debated in Switzerland for the past two years.

The Government has taken measures to ease the problem by reducing vehicle exhaust emissions. In January last year, speed limits were reduced and in September it was announced that Swiss cars would be required by October 1 1987, to meet strict emission standards equalling those in the US.

The study, based on a nationwide aerial survey, said 36 per cent of all Swiss trees were damaged by pollution, up from 34 per cent in 1984. The figure was 14 per cent in 1983.

Gonzalez denies trying to avoid Nato referendum

BY DAVID WHITE IN MADRID

SPAIN'S Prime Minister, Mr Felipé Gonzalez, has emphatically denied that the Government had any intention of calling an early general election or abandoning its plan to hold a referendum in the spring on Nato membership.

Speculation that the Government might be considering bringing forward the election by several months to the spring in order to avoid the referendum has increased after an apparent attempt to postpone a key security debate in Parliament.

Mr Miquel Roca, parliamentary spokesman of the Catalan nationalists and leader of a new centre formation, the Democratic Reformist Party, submitted an urgent question to the Government arguing that further delay was "unacceptable" and attempting to force an airing of the referendum issue as early as next week.

Meanwhile, Mr Manuel Fraga, leader of the main right-wing Popular Alliance, said after a meeting of senior party officials on Tuesday that it would use "all parliamentary resources" to ensure that the security debate took place in mid-December as planned and was not put off until next year.

The debate, in which the Government would be expected to set out in detail its intentions with regard to the referendum, has already been postponed three times.

Mr Gonzalez has always maintained that the referendum will go ahead, despite his Socialist Party's change of mind in favour of maintaining Spain's present status as n member (but not a military participant) of the alliance.

Greek pay freeze sparks more strikes

By Andriana Ierodiaconou in Athens

A FRESH WAVE of strikes broke out in Greece yesterday against a two-year wage and salary freeze imposed by the Socialist Government. The Socialists announced an economic austerity programme in October designed to reduce public sector and current account deficits.

Greece's 350,000 civil servants yesterday staged a 24-hour strike, disrupting the central government, schools, hospitals, ports, airports and courts. They were joined by 200,000 construction workers nationwide.

In Athens and Piraeus, doctors and taxi drivers began a 48-hour strike. Most Olympic Airways flights were cancelled on Wednesday as a result of protest action by air controllers. They were obliged to suspend strike action by the Government, which employed the device of "civil mobilisation" to stop the country's airports from being paralysed.

The Government's austerity measures have split the Greek trade union movement. The majority in the leadership of the Greek trade union congress, o mix of opposition Communist and dissident Socialist trade unionists, split off last month and elected their own president. They then proceeded to back protest strikes against economic policy.

Loyalist Socialist unions have applied in an Athens court to have the majority's action ruled illegal and to appoint a temporary leadership of the trade union congress in a bid to paper over the rift in the Greek labour ranks. The court's decision on appointing a leadership is still pending.

Politics takes back seat to soccer scandal

By James Buxton in Rome

BOTH THE sporting and political worlds of Italy were in a state of shock yesterday at the news that Mr Dino Viola, chairman of the Roma football club, is to be tried by the football authorities for attempting to bribe the referee tn a semi-final of the European Cup-Winners Cup last year.

Politicians yesterday abandoned the drudgery of the budget debate to concentrate on the new scandal. Mr Viola has been o Christian Democrat Senator since 1983.

Mr Viola has told the Italian Football Federation that he paid L100m (£40,000) to two intermediaries who promised to pass it to Mr Michael Vautrot, the French referee of Roma's return match with Dundee United in April 1984. In the first leg, Dundee won at home 2-0.

In fact, the money never reached Mr Vautrot, who has been cleared of any involvement. Roma won the match 3-0, despite having two goals disallowed, and went on to the final of the Cup which it lost to Liverpool.

Mr Viola has told the football authorities that he handed over the money with a view to discovering who was the "Mr Big" who claimed the ability to bribe referees.

The 71-year-old senator risks being disqualified from chairing the Roma club, which he owns. But it is now clear how seriously that would affect the club, whose most distinguished supporter is Mr Giulio Andreotti, the Foreign Minister.

Sweden faces years of low growth, says bank report

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SWEDISH economy is entering a period of low growth and rising unemployment, according to the latest economic forecasts of PKbanken, one of the leading Swedish commercial banks.

Sweden is likely to have one of the lowest growth rates of any of the industrial countries during the period 1986-88, it says. Inflation is expected to fall and the economy is expected to achieve a better balance, however, with lower deficits on both the current account of the balance of payments and the state budget.

Sweden will continue to lose market shares abroad as a result of its higher inflation and higher wage cost levels, and improved balance can only be achieved through a more austere economic policy, warns the bank.

The minority Social Democratic government is expected to announce tighter policies when it presents its 1986-87 budget in January but it is still far from clear how it will gain a majority in the Swedish Parliament for such moves.

According to the PKbanken forecasts, the Swedish economy will grow by only 1 per cent in 1986 following an expansion of 2 per cent this year and 3.4 per cent in 1984. The economy could fall into recession in 1987.

Despite government efforts to moderate pay claims, wages are expected to rise by 7.5 per cent next year after a rise of 7.3 per cent in 1985, well in excess of wage increases in Sweden's main trading partners. Wage increases are expected to be more modest in 1987-88, however.

Inflation is finally coming down — on average increase of 5 per cent is forecast for 1986 after a rise of 7.3 per cent this year — but the improvement has come much later than in several of Sweden's most important international competitors.

The PKbanken forecast rules out another Swedish devaluation to improve competitiveness on the grounds that such a move would yet again delay the adjustment of the economy and would refuel inflation.

"Rather later than a number of other West European countries, Sweden is entering o period with a good balance on its external payments, a low inflation rate, low interest levels and relatively high unemployment," it says.

A more expansive economic policy would lead to a rapid worsening of the current account, warns the bank. It remains to be seen, however, how far the Government will allow unemployment to rise given its dependence for support on the trade union movement.

Martens forms government pledged to austerity

MR WILFRED MARTENS, Belgium's Prime Minister, yesterday formed a new centre-right government committed to a strict austerity programme aimed at remedying the country's economic ills, AP-DJ reports from Brussels.

Mr Martens however has retained the services of most key ministers from his outgoing government.

The coalition of Christian Democrats and Liberals (Conservatives), each split into a French and Dutch-speaking section, is planning to cut the state's huge budget deficit and freeze taxes. It is promising olso to bring down Belgium's high unemployment rate.

"The Government will give top priority to its social-economic recovery programme," the accord between the coalition parties said.

Mr Martens led the same coalition into the October 13 elections after almost four years of austerity. The coalition increased its seats in the 212-seat parliament from 113 to 115. Mr Martens oow leads his sixth government in as many years.

Mr Leo Tindemans stays as Minister of Foreign Affairs, Mr Jean Gol keeps the Justice Ministry and Mr Charles-Ferdinand Nothomb renews his mandate as Interior Minister.

Mr Mark Eyskens is moving from the Economics Ministry to Finance, while Mr Guy Verhofstadt, chairman of the Dutch-speaking Liberals is taking on the post of Budget Minister and Vice-Premier. Mr Gol and Mr Nothomb are the other two Vice-Premiers.

"This Government will stay on for its four-year term. This is an essential part of the renewed international credibility of our country," Mr Martens said.

Soviet Union renews overtures to Albania

BY DAVID BUCHAN

THE SOVIET UNION yesterday renewed its overtures to Albania in a Pravda article declaring abnormal the 24 year long estrangement between the two communist countries.

The Soviet Communist Party newspaper repeated a comment made by Mr Mikhail Gorbachev last year, before he became Soviet leader, suggesting that issues between Moscow and Tirana "could be solved by mutual goodwill." On yesterday's 41st anniversary of Albanian war-time liberation, the article referred olso to Albania's "services towards building socialism."

The death in April this year of Mr Enver Hoxha, Albania's long time ruler who broke first with the Soviet Union in 1961 and then with China in 1978, raised the possibility that the small Balkan country might soon start to emerge from its self-imposed isolation.

But so far Moscow has had little luck. Its condolences to Tirana on the Albanian leader's death were most undiplomatically rejected by the new leadership under Mr Ramiz Alia. Since then Tass, the Soviet news agency, announced the appointment of a correspondent to Albania, but he does not appear to have gone there yet.

Unlike Britain or West Germany, the Soviet Union does not have any monetary disputes to settle with Tirana before renewal of diplomatic relations. The sticking point is essentially ideological. Albania is convinced that, after Stalin, the Soviet Union deserted the true cause of communism and became "social-imperialist," no better than the US with which, to Tirona's fury, it now negotiates.

W. German drinkers desert wine in droves

By Peter Bruce in Bonn

WEST GERMAN wine drinkers are deserting their favourite tipple in droves, according to market research published yesterday, following the discovery last summer that mainly Austrian, but also more than 50 West German white wines, had been sweetened with the antifreeze agent, diethylene glycol.

The Nuremberg-based G and I Institute said wine sales in West Germany in August were 25 per cent down on the same time last year, followed by falls of 23 per cent in September and 18 per cent in October.

The market researchers said Austrian wine was "hardly" being bought in West Germany in the three months reviewed. West Germon wines, particularly whites, had also been badly hit, while French wines, virtually untouched by the antifreeze scandal, had been able to improve their share of the West German market.

The other main source of West German alcohol, the beer industry, is also in trouble. Yesterday, the Association of Independent Brewers, said they expected the European Commission to double the tax on hop crops in an effort to "harmonise" consumer prices in the drinks market.

West German brewers are also bracing themselves for possibly unfriendly ruling from the European Court next March, which could open the huge West German market to imported beer for the first time. Bonn is currently defending itself against Commission charges following West German refusal to allow foreign beer into the country.

The West Germans argue that the purity of their beer is guaranteed by the oldest law in the land, the Reinheitsgebot of 1516, which stipulates that beer sold in the country can only contain hops, water and yeast.

Newspapers here are already warning readers of the dangers of the "chemical beer"—anything containing o preservative—they expect to be forced on the population.

Pious West German opposition to new imports was badly weakened this year, however, when it emerged that up to 40 Bavarian breweries had themselves been caught adding chemicals to their product in an effort to give it a longer shelf life.

Leading author objects to cultural accord

By Leslie Colitt in Berlin

A CULTURAL agreement between East and West Germany which is nearing completion after tough negotiations since 1973 has met with unexpected opposition from West Germanys most prominent writer.

Mr Guenter Grass, author of "The Tin Drum" and ao active political supporter of former Chancellor Willy Brandt's Social Democrats, voiced his suspicion that the cultural accord will mark a final step in the division of Germany. Mr Grass is the president of the Academy of Arts in West Berlin.

He argued that writers such os himself were not consulted during the drafting of the agreement which has gone to the parliament of West Germany for its approval.

His chief objection is that opponents of establishment culture in both German states—but especially in East Germany—will be eliminated from cultural exchanges. Mr Gross has also called for the agreement's preamble to contain a reference to the "German cultural nation os a binding heritage."

In a letter to the President of West Germany, Mr Richard von Weizsaecker, the writer noted that culture was one of the few remaining links between the two Germanies besides their history. It was important to retain this, he said, because the political concept of the German nation was "bankrupt."

Mr Grass suggested that concluding the cultural agreement would have "devastoting" consequences. He proposed that West Germany accept the "political division" of Germany and fully recognise East Germany. At the same time both sides would set up a "national foundation" which would guarantee the German cultural nation.

Confident West Berliners question Allied authority

Leslie Collit reports on a growing controversy over the legal status of the divided city

FORTY YEARS after the four Allied armies entered Berlin, a growing number of people in the West of the city are asking serious questions about the authority wielded there by the three Western powers.

A recent poll conducted by West Berlin radio aod television revealed that 78 per cent of West Berliners felt the presence of allied troops in the city was necessary. But 33 per cent also said they would feel just as secure if the city's inviolability was guaranteed by agreements with the Soviet Union or East Germany. The poll also showed that 61 per cent were in favour of changes in Allied laws, which apply locally, to meet current conditions.

Under the occupation agreement, sovereignty over West Berlin rests with the Allies, although the Senate, West Berlin's executive body, and the Abgeordnetenhaus, the Assembly, govern the city. In East Berlin, sovereignty was ceded by the Soviet Union to the East German Government in 1949 with several reservations.

The sovereignty position has a number of curious legal effects. When a group of suburban West Berliners tried to take legal action to prevent the construction of housing for US army families in their neighbourhood, they could not get a hearing either in Berlin or Washington courts.

Recently, West Berliners who sought to prevent the British Army from operating a shooting range in a residential area were rebuffed by both Berlin and British judges. The British Commandant in West Berlin took the unusual step of bluntly reminding citizens they would have to accept certain inconveniences if they expected the allies to defend them.

> Although most West Berliners accept the Allied presence in the city, many feel that the laws under which the city is ruled are inappropriate. Their protests, however, could undermine the occupation status of the city.

In the absence of o direct Soviet threat to their city, they have grown increasingly self-assured, at the same time as the Allies have decided to lower their political profile in the city to the point of near invisibility.

The change in attitude to the position of the Allies is most evident among the supporters of the Alternative List, the local wing of the West German Greens party.

The party itself called for the expulsion of the Allies from West Berlin a few years ago, but oow warmly welcomes their presence until the creation of what it calls an all-European "peace order."

The impetus for a review of oll Allied laws has come however, not from the Left, but from the young Christian Democrat (CDU) governing Mayor of West Berlin, Mr Eberhord Diepgen.

Shortly after assuming office in February 1984, he riled an Allied law under which a West Berliner could be executed for carrying o kitchen knife. Several of these outdated laws have since been eliminated by the Allies.

A court martial trial earlier this year of a British soldier accused of raping a Berlin woman fuelled the debate over Allied laws after the soldier was acquitted because of insufficient evidence. The Allies are not prepared to allow West Berlin courts to try their soldiers in criminal cases as they view this an an erosion of their original occupation rights.

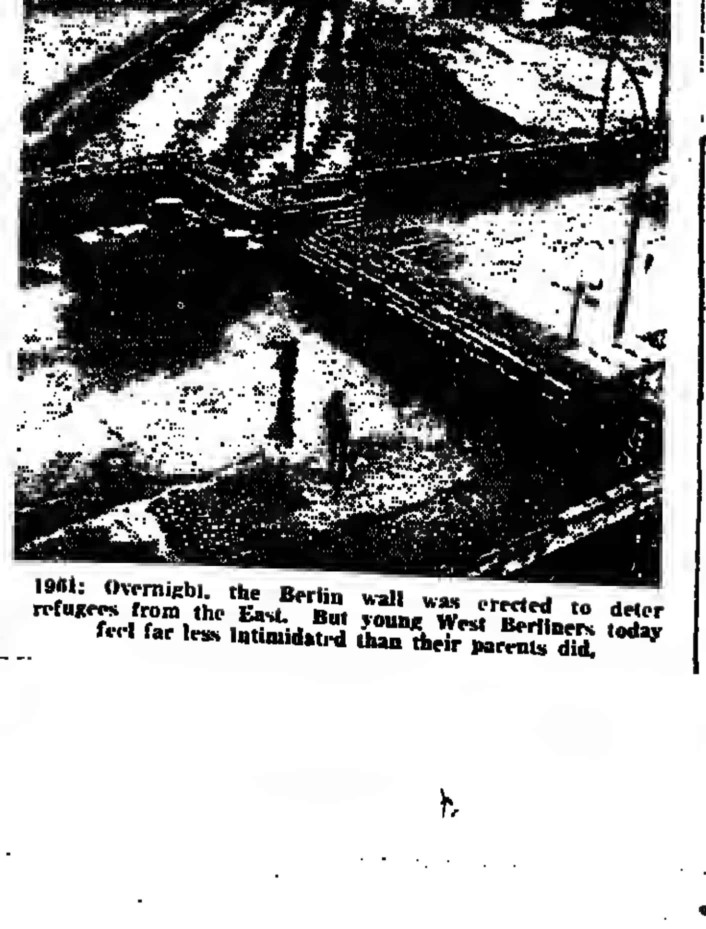
The four parties in the West Berlin Assembly were, unusually, in agreement in late October when they called on the Allies to examine whether the death penalty, abolished in West Germany, should still be in force in West Berlin. The Alternative List has flatly demanded abolition.

Although the law has not been applied since the early postwar years, the Allies appear to regard it as necessary in the event that their soldiers are ever threatened in West Berlin.

The US State Department's outspoken senior officiol in West Berlin, Mr John Kornblum, evaluated the growing self-assertiveness of West Berliners and their politicians to be a positive development, stemming from the optimistic new economic climate in the city.

"It's a question of rising expectations" he noted. But he and other Allied diplomats also acknowledged that many of the special arrangements with the Allies which West Berliners 30 years ogo saw as a "warm and comfortable bed" were now regarded by many of them as a "straitjacket."

The Allies also believe that the Berliners' urge to "spread their wings" will inevitably be emulated in West Germany. They note that virtually every post-war political development in West Germany had its roots in Berlin—from reconciliation with the West to Willy Brandt's policy of detente with Eastern Europe.



1961: Overnight, the Berlin wall was erected to deter refugees from the East. But young West Berliners today feel far less intimidated than their parents did.

FINANCIAL TIMES

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South African guerrillas blast strategic plant

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S two strategic oil-from-coal plants at Secunda, near Witbank in the eastern Transvaal, were attacked by a three-man sabotage unit who fired several Soviet-made 122mm rockets causing between four to six explosions early yesterday morning, Gen Johan Coetzee, the chief of police announced yesterday.

Three blacks in a pickup truck were later forced off the road and shot dead by a police patrol after an exchange of fire. One of the three men was identified as having beeing involved i nan earlier attack on the original Sasol 1 plant at Sasolburg io 1980 which caused serious damage.

The three men, who were intercepted close to the border with Swaziland, are suspected to be African National Congress (ANC) guerrillas and the latest attack, which closely follows a

series of landmine explosions this week just south of the South African - Zimbabwean border, appears to be part of a stepped up sabotage campaign by the ANC.

A decision to intensify the armed struggle against the South African regime was taken at the ANC congress at Kabwe, north of Lusaka, last June and the latest incidents indicate that this policy decision is now being put into effect.

It is the second time that Sasol has been the target of ANC attacks, although the first time in 1980 limpet mines were used to blow np parts of the original Sasol One plant which produces mainly chemical feedstock. Three years ago the Koeberg nuclear power station, near Cape Town, was also damaged by ANC sabotage attacks.

Meanwhile, security forces yesterday cordonned off areas of farming land close to the border with Zimbabwe and ordered local farmers not to leave their homes as they intensified mine sweeping operations in the area. This follows the fifth landmine blast over the last three days when a black tractor driver was seriously injured yesterday.

A three-man unit of suspected ANC guerrillas is believed to have crossed the nearby border on Monday night and returned across the border after planting the mines.

Mr Pik Botha, the South African Foreign Minister, warned the Zimbabwe Government on Wednesday that South African forces would undertake hot pursuit nperations into Zimbabwean territory if Harare did not take urgent steps to prevent ANC operations from its territory.

In a separate incident, four blacks died and two were injured yesterday in a fierce gun battle between Bophnthatswana police and a group of blacks holed up in a house in the Tlhabane township which is elose to Rusternberg, just across the unguarded frontier between South Africa and the black homeland.

Police are reported to have driven an armoured car into the bouse to finish the battle after a series of explosions. Later they found a quantity of arms and ammunition.

Tony Hawkins adds from Harare; Responding to Pretoria's threat to use hot pursuit tactics against ANC guerrillas infiltrated into South Africa from Zimbabwe, Dr Witness Mangwende, the Foreign Minister, yesterday reiterated Zimbabwe's support for tough economic sanctions against Pretoria.

Dr Mangwende while not commenting directly on South Africa's threat to use force against its northern neighbour said economic sanctions against Pretoria were imperative because the Botha Government had turned the region into a "trouble spot."

● The ANC yesterday denied South African allegations that it was using Zimbabwe as a base for guerrilla incursions into the Republic, although it acknowledged that an ANC unit was "probably" responsible for the land mine blasts, writes Patti Waldmeir from Lusaka. "The operation would have been launched from within South Africa," a spokesman said last night. No immediate comment was available on the attempted sabotage of the Sasol plant.

Angolan, US talks end

BY PATTI WALDMEIR IN LUSAKA

ANGOLAN and US officials yesterday ended two days of talks in Lusaka whieb are believed to have focused on the linked issues of the threat of US support for anti-government rebels in Angola, the withdrawal of Cuban troops from the country and the future of Namibia.

Neither side was prepared to comment on the talks, which were the first since Luanda angrily suspended all contacts with Washington in July after the US House of Representatives voted to repeal the Clark Amendment which banned military aid to the Unita rebels of Dr Jonas Savimbi.

The chief US negotiator, Dr Chester Crocker, will have had the opportunity to press for further concessions from the Angolans on the vexed issue of the withdrawal of some 25,000 Cuban troops supporting the Marxist government in Luanda.

China applies to join Asian Development Bank

BY SAMUEL SENOREN IN MANILA

CHINA IS joining the Asian Development Bank early next year to become the Manila-based organisation's 46th member following years of stalemate on the issue of Taiwan's membership of the bank.

Taiwan—under the name of Republic of China in ADB—is expected to retain its membership in what appeared to be a compromise resulting from lengthy negotiations between the ADB and the two countries.

A bank spokesman told a press conference on Wednesday that China's entry into ADB "will not affect the status of any member of the Bank."

China formally filed its application for membership Wednesday morning and a bank announcement said it "will receive prompt and dne consideration." A bank spokesman said China was expected to become a member before next April's annual meeting in Manila.

The prospect of having two Chinas in the bank has been a highly sensitive issue. Bnt the bank spokesman said with the entry of China, appropriate "administrative" arrangements would be made.

It is not clear, however, what name Taiwan would use in the bank although there was talk of the possibility of using China-Taipei rather than Republic of China. Details of the arrangements have not been disclosed.

When it joins ADB, China will rank third in the bank in terms of capital subscription and voting power after tho US and Japan which hold eqnal shares and votes. Collectively, the US and Japan control 33.5 per cent of the bank's eqolty.

The spokesman did not give the exact amount of China's stake, but hinted that it would be slightly more than India's which now is the third largest shareholder in the bank.

India, with o capital subscription of $1.09bn, holds 112m shares with a voting power equivalent io 6.69 per cent of the total. Taiwan, on the other hand, accounts far only 1.34 per cent of total subscriptions and 1.51 per cent of total votes.

Founded in 1966, the ADB had paid-np capital of $1.86bn as of September 30 on overall subscription of $15.4bn. Its total loan portfolio stood at $16.1bn covering 737 loan applications from 27 borrowing member countries.

● Taiwan reaffirmed its rights in the ADB after China formally applied to join the Manila-based organisation, Reuter writes from Taipei.

"The Republic of China (Taiwan) is o foonder member of the ADB since its inception in 1966 ond has always fulfilled its obligations," said a senior central bank official, who declined to be named. "Our membership in the ADB should not be jeopardised by the entry of a new member, he said.

REALISTIC APPROACH TO THE COUNTRY'S PROBLEMS

New Sierra Leone leader pledges economic reform

UNUSUALLY FOR a West African state, Sierra Leono yeslerday peacefully installed a new President, ending 17 years of increasingly controversial rule by former President Siaka Stevens, who has retired at the age of 80.

His successor, Major General Joseph Saidu Momoh, 48, has been commander of the army for 14 years and a Cabinet Minister for 11. He was elected in a referendum with support from more than 90 per cent of the voters. Well educaled and a devout Christian, be appears determined to root out the inefficiency, corruption and mismanagement which have characterised what ought to be one of Africa's more better-off countries.

Sierra Leone won independence from Britain in 1961 and has been run as a one-party state. It has substantial resources, inclnding diamond, gold and mineral reserves, good agricultural land and the best natural harbour in Africa.

Yet it is in dire economie straits. It has an overvalned currency and an inflation rate of 70 per cent. A net importer of oil and food, it suffers a chronie inability to generate the foreign exchange to pay for its imports. Poverty is widespread and increasing and corruption is rife.

President Joseph Momoh, who assumed power peacefully yesterday is Chief of the Army, reports a Special Correspondent. He has promised to put an end to the inefficiency and corruption which has dogged Sierra Leone's development.

Gen Momoh takes a realistic approach to the country's problems. "It is a Herculean task to start approaching them," he said in an interview. "People should not think I bave a magie wand; if anyone thinks that overnight I will wipe out the queues for petrol, that rice will be flowing all over the place, medicine in the hospitals, salary increases, he is dreaming. Some of these problems are beyond our eontrol."

The system, says Gen Momoh, "has been allowed to collapse. Even in cases where people have been squandering funds, nothing much happens. For a Minister, a punishment is to transfer him to another Ministry—he doesn't lose seniority, he doesn't forfeit any part of his earnings, nor refund the money. So it is not a punishment."

But for all the promises of reform, there are many sceptics and Gen Momoh's critics have already found a catchphrase: "new man, same jacket." They argue that Mr Stevens selected Gen Momoh and that he would not have chosen someone who might damage his reputation or endanger bis personal security subsequently.

Gen Momob maintains that be is independent of the old order: "I am a professional soldier. I believe that the rules must be obeyed. As long as I am convinced, I don't even want to know who is going to be affected. My prime concern is justice."

The government's new policies, says Gen Momoh, have two main principles: to ensure that revenue is channelled correctly through the Government; and to purge institutions

Gen Momoh . . . realistic

of their corruption and inefficiency. He admits this is easier said than done, but if successful he will have the money to raise salaries and thereby remove one of the prime causes of corruption.

He has promised a full review of major institutions, such as the central bank, and of the bigger companies which are earning foreign exchange. "We will tell them they have been enjoying a holiday for too long. For us now, it is a matter of life or death and anybody who makes any attempt at putting obstacles in our way will not be suffered gladly."

Among the companies to come under governmeot scrutiny will be those belonging to Jamil Sahid Mohamed, probably Sierra Leone's most successful businessman employing 7,000 people and with interests in many sectors of the economy including diamonds, gold, oil, fishing and agriculture.

His wealth has attraeled criticism, but Mr Jamil himself has poblicly welcomed the prospect of a Government inquiry, saying that allegations of irregularities are unfounded and stem from jealousy.

General Momoh says that Mr Jamil should be treated with respect. "He employs many people and provides money for many projects. I am not in a position to know, but I look forward to the day wben he will be able to prove his critics right or wrong."

Other measures whieh Gen Momob proposes include a major enlargement of the anti-smuggling squad. Smuggling may account for as much as 90 per cent of Sierra Leone's export activity and the small existing squad has had minimal success.

Gen Momoh's new unit will use military taetics aud probably military personnel, and he hopes to divert as mueh as 70 per cent of presently smuggled goods throngh official channels.

Such a success rale would bring in sufficient revenoo to solve the foreign exehange shortage in itself, although it is unlikely that he could meet anything like this target.

Gen Momoh also promises to "smash the thriving black market: "We know the areas where black market aetivities are taking place and they will be constantly raided by police and army."

He is cautious, however, about prospects for breaking the current stalemate in negotiations for a loan from the International Monetary Fund (IMF), held up over Fund demands for a substantial devaluation ond cuts in food and fuel subsidies.

Although Gen Momoh appears more flexible than his predecessor, the Government's first task, he says is to put its house in order and end corruption and mismanagement.

Philippine GNP hit by export fall

By Samuel Senoren in Manila

The Philippine gross national prodnct contracted by 3.26 per cent by the end of the third quarter, compared to the first nine months of last year, as the much-awaited economic recovery failed to materialise.

Mr Vicente Valdepenas, Minister of Economic Planning, blamed the contraction chiefly on the performance of exports which fell 18 per cent. Most Philippine export prodncts, particularly sugar, coconnt and minerals, are suffering from depressed world prices.

● The Philippine Supreme Court yesterday dismissed a petition calling for a retrial of 26 men accused of involvement in the murder of Mr Benigno Aquino, the opposition leader.

NZ amends N-ship ban

New Zealand's anti-nuclear law woold not compromise US policy of refusing to say which of its ships and aircraft carry noelear weapons, Prime Minister David Lange told Reuter in Wellington.

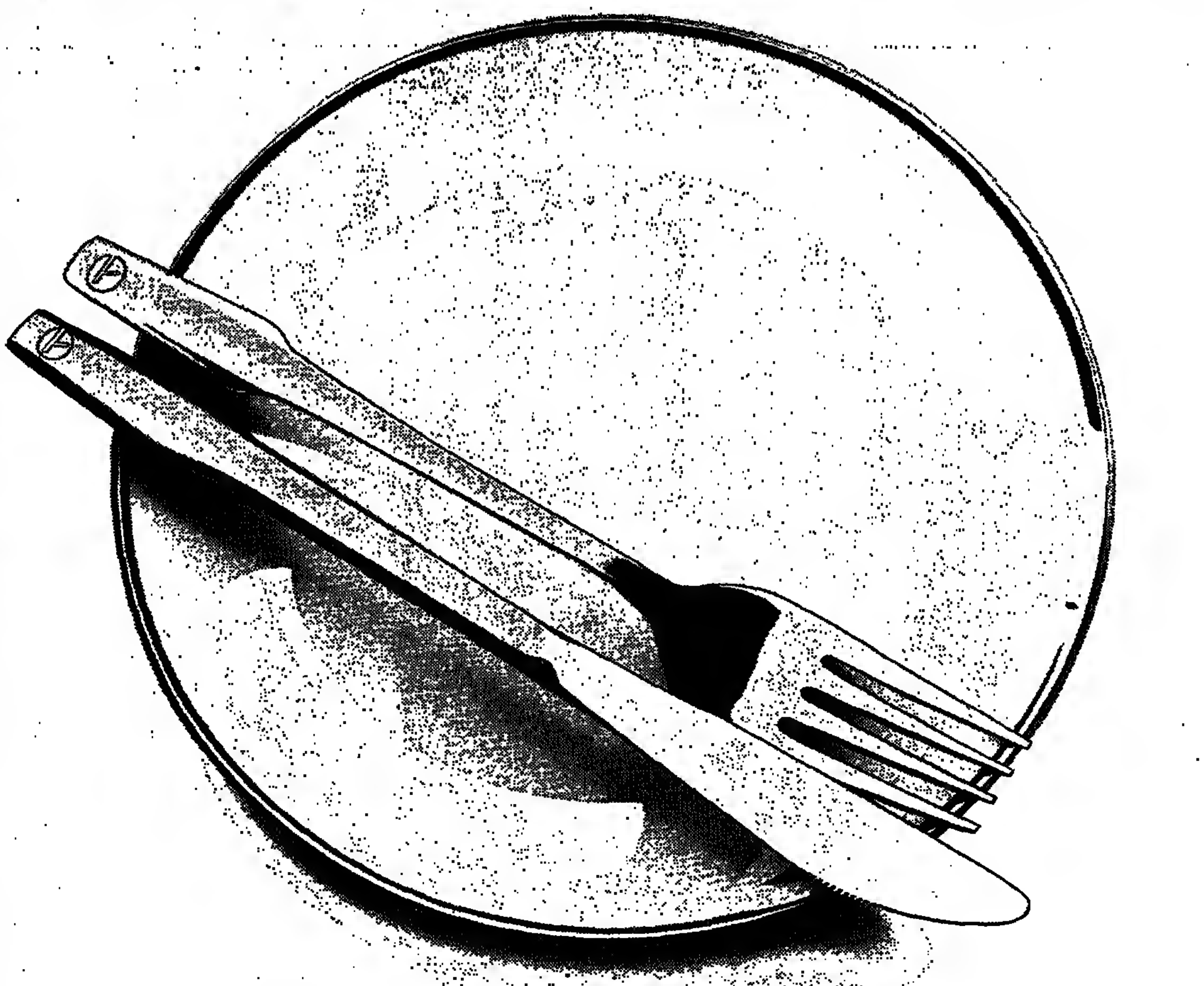
After presenting a draft of the controversial legislation to MPs yesterday, Mr Lange said the draft had been changed so that it both cemented Wellington's han on nuclear-armed or noelear-powered vessels and was "true to the stand whieb the United States . . . requires, or respect for its neither-confirm-nor-deny policy."

● Mr Lange told visiting members of the European Parliament that nuclear ships would be allowed port access in "special circumstances," writes Our Wellington Correspondent. This inclnded nuclear ships in distress.

Union Carbide blamed for Bhopal disaster

Indian authorities, in their first court statement on the Bhopal gas disaster, told a judicial inquiry commission yesterday thot Union Carbide had built an inferior plant and was responsible for the gas leak that killed more than 2,000 people, AP reports from New Delhi.

The Madhya Pradesh state government also said in a court document that the US-based multinational eorporation wes responsible for a series of safety lapses at the pesticide plant where deadly methylisocyanate leaked last December.



Japanese groups raise prices of cars in US

BY JUREK MARTIN IN TOKYO

THE LEADING Japanese car companies are increasing car sale prices in the US to offset the appreciation in the yen's velue.

Nissan, the second largest manufacturer, is to implement an everage 4 per cent price increase from next week. Toyota, the industry leader, and Honda, number three in US sales, are planning increases of between 3 and 5 per cent. Honda probably starting from next month and Toyota from next year.

This will be the second price increase for the three manufacturers in the US market in recent weeks. In October, they put into effect increases ranging from 1 per cent on average for Nissan, to 1.3 per cent for Toyota and 4.3 per cent for Honda.

Higher prices apply to cars shipped to the US, which still form the bulk of total Japanese car sales in that country.

All the Japanese car companies have profited greatly from the combination of an undervalued yen and voluntary restraints on cer shipments to the US.

The rule of thumb bad been that with the yen in the 250-to-the-dollar range, a typical Japanese car sold in the US could yield the manufacturer profits of as much as $2,000 (£1,428) per vehicle.

With the Japanese industry exporting about half total output and with the domestic competition tight and the market *growing sluggishly, overseas* earnings have contributed heavily to corporate profits.

Nihon Keizai Shimbun, the Japanese newspaper, reported yesterday an internal Toyota calculation that an increase of just one yen against the dollar costs the company about $20m in export earnings.

The Y40 rise against the dollar in the past two months translates, hypothetically, into a drop in export earnings of close to $800m.

Much, however, depends on the mix of models sold to the US. Japanese manufacturers have been enjoying considerable success at the upper and of the quality market in the US, which appears to be less price sensitive.

It is expected, therefore, that the increases for more expensiv models which yield greater returns will be higher than for the sub-compact sector, where selling price is more important.

Foreign investment in Japan falls by 39%

BY CARLA RAPOPORT IN TOKYO

FOREIGN investment in Japan dropped by 39 per cent in fiscal 1984, according to Japanese government statistics.

Investment by foreign companies in Japan bad jumped sharply between fiscal 1980 and 1983, from ebout $300m (£214m) to $810m. Last year, however, investment fell to $493m, according to government figures.

Government officials yesterday were reluctant to give any reasons for the large drop in investment, saying only that foreign investment is still et a relatively low level and is subject to large fluctuations.

Total sales of the foreign affiliates accounted for 1.5 per cent of sales by all Japanese companies, according to a Miti poll of foreign-owned companies operating in Japan.

The poll, covering financial results for fiscal 1983, found that the foreign companies in Japan recorded an average operating profit margio of 3.5 per cent.

This compares to an everage operating profit margin of 1.8 per cent for all Japanese companies.

NIPPON Telegraph and Telephone (NTT) has chosen Mr Lionel Olmer, former US Under-Secretary of Commerce for International Trade, and Mr Martin Feldstein, former top economic adviser to President Ronald Reagan, as advisers to its president, Mr Hisashi Shinto, agencies reports from Tokyo. NTT is seeking the advice of the two senior former Reagan Administration officials in an effort to ease trade friction between the two countries

The survey showed that 74 per cent of the accumulated investment in Japan by foreign companies was in the manufacturing sector.

US companies accounted for nearly half the total foreign investment in Japan, with a total of $2.66bn by the end of the last fiscal year.

European countries accounted for 38.6 per ceot of the total, led by West Germany, UK and Switzerland.

Foreign companies employ about 14,000 workers in Japan

India likely to buy turbo-prop aircraft

By John Elliott in New Delhi

INDIA is expected to buy 40-50-seater turbo-prop passenger eircraft for its Government-owned Vayudoot feeder airline and six to 10-seat aircraft for new fleets of private-sector air taxis as part of a major expansion of the country's eviation services.

This is in addition to orders for 40-50 helicopters likely to be placed soon with Westland of the UK and Aerospatiale of France by the country's new public-sector helicopter corporation.

These orders follow a wide-ranging review of India's aviation business carried out by Mr Rajiv Gandhi, India's Prime Minister, and a former Indian Airlines pilot, when he held the Aviation Ministry portfolio earlier this year.

Domestic air passenger traffic is growing by about 11 per cent a year and air cargo by about 16 per cent.

A new national airports authority is being set up by legislation now passing through parliament to take over the country's 87 domestic airports and 22 civil section of military aerodromes.

It will also run India's air traffic control operations. The country's first central flying school to produce 40 commercial pilots a year is also to be opened early next year.

Plans for fleets of air taxis, which will mark the private sector's first entry into Indian eviation since the 1950s, are being finalised. They will probably be limited to six to 10-seeter fixed-wing aircraft and will not be allowed to operate scheduled flights.

The helicopter corporation, set up last month, will probably provide general passenger services as well as serving oil and natural gas corporation offshore oil rigs and other public sector installations.

Within five years the corporation will probably purchase more than 100 helicopters. It plans to start, subject to cabinet approval, by accepting offers originally made for 42 oil rig and six VIP helicopters by Westland and Aérospatiale worth a total of £125m-£145m.

The Vayudoot feeder airline, which was set up in 1981, is being expanded rapidly and will next year take over 19 ageing HS 748 and Fokker Friendship propellor passenger aircraft from Indian airlines, the main domestic airline, which will then become an all-jet service.

Vayudoot's new 40- 50-seater turbo props, which it is to start discussing with overseas manufacturers such as British Aeropace and Fokker soon, will be replacements for the HS 748s and Friendships. It is already introducing 10 19-seet Dornier 228 aircraft into service.

Chris Sherwell explains how Leyland's expectations have been lowered

Thai bus contract becomes two-horse race

TO THE surprise of no one who bas chased a Thai contract before, a virtual one-horse race for the valuable business of reforming Bangkok's debt-ridden bus system now has two competitors duelling for a smaller prize.

Until last month the clear front-runner was a British consortium, led by Leyland Bus and including the National Bus Company and MVA Consultants. But despite technical approval, its £385m proposals were eventually rejected by the Thai Cabinet because they would add heavily to the country'a foreign debt burden.

At the time it was thought that the Thais would not consider another big project as an alternative, but it has transpired that a $230m bid by another consortium, led by Motor and Leasing of Singapore, has been discussed with the Bangkok Mass Transit Authority (BMTA).

Snch a move by the Thais might reasonably have been expected had the British actually been told their plans had been rejected. But the consortium has heard no formal word either way since the reported Cabinet decision. Although it quickly submitted an attractive £94m revised proposal to make a start on the project, it has received no official response to this either.

Motor and Leasing, despite the uncertainty over the Leyland consortium's status, has meanwhile agreed to revise the terms of its original proposal to reduce its scale and the foreign exchange burden it would impose.

The company, a private concern controlled by Datuk Khoo Thaw Choon, a Maleysian businessman based in Sabah, is a coachbuilder for trains and buses, with ventures in Thailand and Sri Lanka

On the apparent suggestion of the BMTA, it is not only revising its overall figures, but also considering several other changes: taking payments in baht, the local currency; an increase in the project's local content; and an expansion of the counter-trade element already incorporated in the deal.

The net result is that both companies are now rompeting for the same project with similar proposals without being sure exactly where they stand.

The project as originally conceived is vast. It calls for the supply of thousands of buses, the construction of numerous depots and works, the development of a training programme, the re-organisation of the BMTA's management, the repayment of the agency's huge debts and its early return to profit.

Two months after tenders closed in January, a BMTA evaluation committee announced that the Leyland and Motor and Leasing proposals bad come out on top, beating others like van Hool of Belgium (which was linked with Volvo of Sweden), Renault of France and Pegaso of Spain.

Leyland was said then to have won close to the maximum number of votes from the committee, and to have come out far ahead even of Motor and Leasing.

Detailed talks duly yielded an accord in May, and at the end of July the Cabinet's referred the matter to a special committee. But by October, when the Cabinet finally discussed it again, the country's economic picture was bleaker and the Government had been rocked by en attempted coup.

A Singapore company has emerged as a second strong contender in the race to modernise Bangkok's bus system. But the attitude of the Government to either consortium has not yet become clear.

The less-than-discreet switch of attention to Motor & Leasing's proposal has raised some British hackles, but the Thai move is neither surprising, to judge by other contract races in the past, nor senseless from the purely commercial point of view, given the worries over the scale of the project.

Whereas the Leyland consortium proposed the supply of 4,000 ordinary and air-conditioned buses, many of them fabricated in Britain, Motor & Leasing suggested 3,000 new buses and the renovation of another 1,500.

Motor & Leasing's numbers are now undergoing revision — probably to 2,500 and 2,000 respectively — to cut costs, but one key feature of its proposal is that the buses will be put together with the Chai Yont Bus Company, e Thai corporation which is Motor & Leasing's senior partner in a local joint venture.

Motor & Leasing originally estimated the local content for its project at 60 per cent, but it is now looking at ways to increase this to 75 per cent — for example, by using Thei rather than Korean contractors to build thet depots. Leyland, too, has made a commitment on local content, but it is difficult to see how it can *match* Motor & Leasing without effecting its objective of ensuring continued jobs in Britain.

The main imports under the Motor and Leasing plan will be of bus engines from Daewoo Heevy Industries of South Korea, which makes them under licence from MAN of West Germany. The company is already supplying Chai Yont with chassis components.

Also helping put the deal together is an unexpected outsider—Northrop Corporation, tha US aerospace manufacturer. Northrop is assisting on the counter-trade front because the export of chassis and engines by Daewoo will be counted as an offset for Northrop's sale of F-5 aircraft to South Korea.

Motor and Leasing is hoping that another major US company, Continental Grain, will also be able to belp on the counter-trade front by marketing Thai rice, maize and tapioca. Whether the Thais would be happy to counter-trade such internationally marketeble commodities is unclear, but the matter will take time since sucb deals usually reqnire approvals from four different government ministries.

Because Motor and Leasing has former employees of the buge Singapore Bus Service on its staff and would seek further advice from SBS itself, it believes it can help the BMTA reform and manage its bus system. Where it cannot match the British proposals is on government aid—something London offered only reinctantly but which Singapore would not give —and over the repayment of BMTA's debts.

This has not prevented every effort being made to promote the Motor and Leasing bid. The ambassadors to Thailand for Singapore, Malaysia and even South Korea have each seen Mr Samak Sundaravej, the Thai Communications Minister, to lobby for support.

The qnestion remains whether a scaled-back version of Motor and Leasing's proposals to make them still cheaper will echieve the lofty aims originally set by the BMTA, which has accumulated more than Baht 4bn (£106m) in debts and ia still losing money at a rate of Baht 2m each day.

Either way, the battle for Bangkok's bus business has turned into a classic Thai contract contest in which no-one is now prepared to predict the outcome. It even remains possible that no project at all will go ahead—a result that might be the worst possible, economically and politically.

Brazil debt move unlikely to hit UK exporters

BY CHRISTIAN TYLER, TRADE EDITOR

THE IMPACT on British exporters of Brazil's decision to halt negotiations with the International Monetary Fund may be less severe than appears at first sight.

UK trade with Brazil is relatively small, but has improved in thepast two years.

Although government insurance for exports sold on medium-term credit will in general continue to be unavailable, there is little business of this kind to be had, according to one leading exporter.

Furthermore, Brazil's apparent refusal to agree IMF terms for rescheduling its debt does not mean it will for ever be denied official insurance cover.

Venezuela, for example, refused to do a deal with the IMF but bas beeo put back on cover by Britain's Export Credits Guarantee Department for selected propects because it has shown it can pay its bills.

There bas been some demand for medium-term cover on Brazil by British exporters, according to the ECGD. But inquiries have talled off recently.

Nonetheless, the announcement by Brazil's finance minister Mr Dilson Funaro on Tuesday, was described as very disappointing by some traders.

A government-backed marketing strategy for exporting to Brazil and other relatively sound Latin American countries was launched recently.

Some deliveries for projects undertaken before Brazil reached its debt crisis are going ahead. But new project business, and opportunities for capital goods exports, beve been very thin.

Other UK exports to Brazil are felt to bave beld up well, bowever. Taking exports as a whole, there was a large increase, admittedly from a small base, to £185m-worth in the first nine months of last year, dropping slightly to £156m over the same period this year.

Bechtel to seek buyer for Austria N-plant

By Patrick Blum in Vienna

AUSTRIA HAS awarded a contract to Bechtel of the US to find a buyer for its completed but unused nuclear power plant at Zwentendorf.

Gemeinschaftkraftswerk Tullnerfeld, the holding company for the power plant, owned by Austria's electricity utilities, decided yesterday to award the Sch 10m (£380,000) contract to Bechtel, giving it until June 30 next year to find a buyer.

The Zwentendorf power plant which lies 30 miles west of Vienna along the Danube was completed in 1978 but was never used because a referendum in the same year came out against commissioning it.

Several attempts by the Government to overcome constitutional obstacles to reverse that decision have failed, and last July the group decided to pursue bids by three companies on the suitability of dismantling the plant.

Iraq agrees to supply Kuwait with gas

BY RICHARD JOHNS

IRAQ HAS agreed to supply Knwait with 200m cubic feet of gas per day from the middle of next year, rising to 400m cfpd at the end of 1986.

The gas will be fed to Kuwait'a desalination and power plants to make available as much oil as possible from the maximum output of 900,900 barrels e day allowed it under the Organisation of Petroleum Exporting Countries' output sharing pact.

So far Kuwait's intensive search for gas in the Khuff Zone bas only found deposits of light crude. All the state utilities have been converted to dual-firing but the Government wants to minimise the use of fuel oil.

Kuwait and Iraq have agreed a price of $1 per million BTU —the world's lowest under any export agreement — for the gas, eccording to the Middle East Economic Survey.

It is close to the $1.25 paid by Dubai for gas from Sharjah but far below the current border delivered price of $3.80-$4.0 in Western Europe for supplies from the Soviet Union and Algeria.

Kuwait is elso to go ahead with a 20-incb 150-mile pipeline to Iraq's Rumaila oil field, with a six-month target date for completion.

Initially 200m e.f.p.d. of gas associated with oil produced for pumpiog across the Arabian Peninsula to the Saudi terminal at Yanbu on the Read Sea coast will be supplied to Kuwait.

The second tranche of 200m c.f.p.d. will become available when Iraq starts pumping an additional 500,000 b/d of oil via the expansion of the pipeline to Ceyhan on Turkey's Mediterranean coast. This should be operational by the end of 1986.

● Kuwait last week signed an agreement with China which guarantees future investments and aims at fecilitating more joint venture projects.

Kuwait Petrochemical Industries Company has agreed to build a $50m (£35.7m) plant to produce fertilisers in China in association with Tunisia.

US tries to limit damage over 'Israel spy case'

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE "REAGAN" Administration was yesterday trying to limit the potential damage to US-Israeli relations from a mysterious espionage affair in which a US Navy intelligence expert has been accused of spying for Israel. Mr Jonathan Jay Pollard, 31, a civilan navy counter-terrorism expert, was ordered held without bail on Wednesday to face charges that he had sold elassified secrets to Israel for some $45,000 (£30,600) over the past 18 months.

The Pollard case is the strangest of the latest spate of US spy scandals, because Israel is one of the US's closest allies, from whom few relevant secrets are withheld. The two rountries are also meant to have an informal agreement not to spy on each other or infiltrate each other's intelligence services.

While some law enforcement officiala in Washington are complaining privately that the Israelis are not co-operating very herd in their investigations, the State Department is publicly dismissing reports of tension between the two governments. It has been "assured of the full co-operation of the Israeli Government," the Department says.

In Israel, the US Embassy said yesterday thet the US was "impressed that Israel is trying to get to the bottom of this." Iaraeli leaders wera "as shocked as we are" by the allegations end the lest thing they wanted was to damage US-Israeli relations, the embassy said.

In Washington, the State Department said that it expected that he US Jusice Department would "have the opportunity to interview any Israelis who may be involved."

It was not clear if the US had made a specific request to interview two Israeli diplomats who were hsstily recalled from the US to Israel, spparently in connection with the affair.

It would be most unusual, however, for diplomats to give up their immunity to submit to questioning by a foreign power on such matters. One law enforcement official said the Israelis were conducting their own investigation and bad not yet offered to provide anyone to be interviewed by the Justice Department.

Israeli diplomats in Washington said they were aslonished by tbe Pollard case and assumed that if he had spied for Israel it had not heeo authorised by regular government agencies. They poinled to the extensive ioteiligeoce and military co-operation between the US and Israel, including the exchange of highly sensitive secrets about the Middle East.

American intelligence officials say that, if anything, tbe working relationship between tbe two countries has grown closer in recent years, with the US giving Israel acceas to more data from its reconnaissance satellites. Some Israelis, bowever, have complained that the US has not provided all tbe information that Israel wanled, or not fast enough.

Mr Pollard was arrested on Thursday outside the Israeli Embassy io Washington after he was apparently denied sanctuary there. US sources have said that shortly before he went to the embassy he telephoned an Israeli official to say that bis activities had been uncovered by the FBI and he needed belp. The Israeli is reported to have replied: "If you can shake your surveillance, we'll see what we can do." FBI agents, bowever, were watching the embassy from across the street.

Walter Ellis in Tel Aviv writes: *Pollard may have* been recruited to provide information of benefit to the Israeli Defence equipment industry. It is thought that Mr Pollard — if confirmed as a spy — would have been employed not by the Israel Foreign Ministry, responsible for embassy matters, bot by the Defence Ministry.

Israeli officials enquiring into the Pollard affair — which is causing increasing embarrassment in Jerusalem — confirmed yesterday that two Israeli diplomats were recalled in a hurry from Washington this week on the instructions of the Defence Ministry, headed by Mr Yitzhak Rabin.

The two men are Mr Elan Ravid, an assistant to the science attache in Washington, and Mr Joesi Yagur, information in Israel's consulate in New York. Both report to the Defence Ministry in Tel Aviv and are not responsible to the ambassador in Washington. A third diplomat may also have been recalled.

The US is angry abont the sudden repatriations and has demanded the return of all documents allegedly provided by Mr Pollard. Mr Shimon Peres, the Israeli Prime Minister, said yesterday evening that any conclusions reached as a result of the investigation into the Pollard case would be intended to avoid future intelligence hitches between Israel and the US.

The case was discussed by by the inner Cabinet yesterday and it is thought an interm report will be sent to Washingtoo within a few days.

Israel is becoming increasingly embarrassed by the possible implications of the spy scandal now surrounding its relations with the US. When Mr Pollard was arrested a week ago officials in Jerusalem were astounded. It was one thing to endorse espionage: quite another to admit to spying on one's chief friend and benefactor.

Polls point to defeat for Parti Quebecois

By Robert Gibbens in Montreal

OPINION polls point towards a defeat for the Parti Quebecois in the Quebec general election on Monday. The party, in power since 1976, initially demanded sovereignty or independence for the French-speaking Canadian province, but both words have been dropped from the party lexicon since Mr Pierre-Marc Johnson replaced Mr Rene Levesque as leader and premier in September.

Since the election was announced in mid-October, polls have shown the Quebec Liberals with a lead in popularity of 8 to 9 percentage points, though Mr Johnson, 39, son of late premier Daniel Johnson, is well ahead of the Liberal leader, Mr Bobert Bourassa, 52, as the most acceptable leader.

One major poll condncted on November 11 to 19, adjusted to distribute a 16 per cent undecided vote, gave the Liberals 51 per cent of the votes against 42 per cent for the PQ. Though several others have been less favourable, these figures suggest the Liberals, with the exception of last minute blunders, could win around 79 seats in the 122-seat National Assembly, against 40 to 45 for the PQ.

The strategy to promote Mr Johnson and his personality has brought the PQ np from a low point in public esteem.

However, despite his personal popularity, he has not been able to re-establish public confidence in his team or in the PQ's ability

Mr Bourassa has presented a more decisive image to live down his past—he lost the 1976 election to Mr Levesqne —and has recruited several prestigious candidates from the business world to buttress his promises of better ecooomic management.

Mexican Congress debates torture Bill

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S ruling Institutional Revolutionary Party (PRI) has brought legislation before the Senate banning torture, while the country'a Left-wing opposition was yesterday due to introduce a Bill in Congress which would provide an amnesty for all political detainees and "disappeared" persons.

The vigour with which the PRI, in power for 56 years, and the small and fractured Left appear to have joined in exposing some of the darkest corners of Mexican law enforcement ia remarkable, not least because their initiatives are being channelled through the traditionally less-than-vigourous rubber stamp legislature, where the ruling party has always had an unassailable majority.

The Bill to outlaw and increase the penalties for practising torture, which is explicitly forbidden by the constitution, comes two months after the discovery of the badly tortured bodies of four Colombians and two Mexicans in the rubble of the Mexico City Government Attorney General's office, which was destroyed by September's earthquakes.

It is widely assumed, in lieu of an official investigation into the incident, that the detaineea were drug traffickers and that the police were seeking the whereabouts of their merchandise or profits.

The grisly discovery confirmed what many Mexicans already knew: that elements of the police readily resort to kidnapping, torture, extortion and murder. These and similar words were used by President Miguel de la Madrid in a speech to the police academy in August last year, when he warned that he would not tolerate such breaches of the law.

Nevertheless, despite apparent official willingness to end these practices, the left's amnesty Bill has little chance of getting through Congress. It would cover, for example, over 500 left-wing activists who "disappeared" during the 1970s, when the ermy crushed scattered attempts by the left to start a guerrilla war.

Furthermore, opposition attempts to get Mrs Victorie Adato, the Mexico City Attorney General, to testify to Congress abont the bodies *found in the ruins of her office*, were blocked by the PRI majority. The PRI outnumbers the opposition, left and right, by three to one in the lower house and is the aole party represented in the Senate. Traditionally, the Government is the sole initiator of legislation which it then passes to Congreaa to be ratified.

A revival in activity is being seen in the Mexican legislature, dominated for years by the ruling party and traditionally viewed as a rubber stamp. An influx of new blood is forcing the Government to take it more seriously.

But despite this arithmetical superiority, which was not altered by the July 7 mid-term elections, there has been an influx of new blood from the Left into Congress. This has forced the PRI to revive the near moribund Senate as a forum for its initiatives.

The ruling party, for example, recently used the Senate to prepare public opinion for Mexico's controversial entry into the General Agreement on Tariffs and Trade (Gatt) announced this week, and for a forthcoming initiative on the problem of illegal Mexican emigration to the US.

The presence in Congress since July of representatives of the Left wing nationalist Mexican Workers Party (PMT) and Trotskyist Revolutionary Workers Party (PRT) has shaken the lower house out of its torpor.

Ministers are no longer assured of a free ride in Congress, their speeches punctuated by appleuse from the PRI benches.

Yet despte thia greater airing of issues, the PRI's numerical superiority and procedural shortcomings such es the lack of a provision for deputies to come back to ministers on inadequately answered questions, means that the marathon sessions fall far short of a real debate. The two houses have a long way to go before becoming real legislative assemblies.

Garcia extends deadline to renegotiate oil contracts

BY DOREEN GILLESPIE IN LIMA

PRESIDENT Alan Garcie of Peru has agreed to extend by 30 days the deadline for three foreign oil companies to renegotiate their contracts. However, he has refused to budge on his controversial demand that the oil companies reimburse substantial tax credits

On August 28 President Garcia rescinded the operating contracts of Occidental Petroleum, Belco and Bridas end laid down a 90 day deadline to complete the negotiations for revised contracts. Since then tha three companies and the Government have been locked in tortuous negotiations.

In extending the deadline, President Garcia has indicated his concern for an agreement. The previous contracts envisaged investments over the next four years totalling $628m (£427m). However, despite the President's desire for en agreement, oilmen are pointing out that the Government is still set on trying to enforce retroactiva legislation.

The Government this week annulled the oil-tax legislation approved by the previous administration which gave oil companies tax credits as an incentive to investments. President Garcia says the tax credits were illegal. The Government also ordered the tax office to issua assessments to the companies within the next 15 days.

Canadian minister to be reinstated after poll probe

BY BERNARD SIMON IN TORONTO

CANADA'S Prime Minister, Mr Brian Mulroney, is expected to reinstate his former Communications Minister, Mr Marcel Masse, to the Cabinet after a decision by the police and election authorities not to charge Mr Messe following en investigation into election spending.

Mr Masse resigned from the Cabinet on September 25 after an announcement that the police were tnvesligeting spending in his Quebec constituency during the general election campaign.

Although proclaiming his innocence, Mr Masse resigned to save the Government from possible embarrassment. His departure from the Cabinet was the second resignation in a fortnight

Mr Joseph Gorman, the commissioner of elections said yesterday that Elections Act charges would be laid shortly against other people involved in Mr Masse's campaign.

Before his resignation, Mr Masse had emerged as the most influential Francophone member of the Mulroney Cabinet. He pleased Canadian book publishers last July by unveiling controversial guidelines to encourage greater Canadian ownership in the publishing industry at the expense of foreign investors. The guidelines bave become e source of friction in US-Cenada relations.

TECHNOLOGY

EDITED BY ALAN CANE

Tackling the heart of the problem

Peter Marsh reports on how a mini-pump could make replacement therapy redundant

REPLACING defective hearts with artificial organs is technological overkill, according to Thermedics, a two-year-old company in Woburn, Massachusetts. A better solution say its researchers, is to leave the damaged heart intact and boost *it with a man-made pumping* device implanted alongside.

It looks as if Thermedics, a subsidiary of Thermo Electron, a $275m-turnover company which makes instruments, power generators and process controllers, may be on the right track.

The company, formerly Thermo Electron's biomedical systems division, has received $34m over the past 20 years from the US National Heart, Lung and Blood Institute to fund ideas in miniature pumps.

After a series of tests on people and animals with air-powered devices (which require a cumbersome compressor), the company plans that in 1987 the first person will receive a permanent pump driven by a 12-volt battery that can be tucked away discreetly under clothing.

Mr John Hatsopoulos, Thermedics vice president, says implanting the pump will cost about $100,000 a patient, roughly the same as implanting an artificial heart (such as the Jarvik-7 device tried out on several occasions in the US) or transplanting e real heart.

A transplant, says Mr Hatsopoulos, represents the best possible solution. But each year in the US, only 2,000 suiteble hearts—many of them from youthful victims of motorcycle accidents—become available to meet the needs of the 100,000 people who could qualify.

Thermedics' strategy is to supplement, not replace, the natural heart. This reduces the trauma of the operation. It also ensures that the natural heart continues its function of providing hormones and other materials to nourish the body.

The company's pump is connected to one of the heart's two major chambers, the left ventricle. In a healthy person the left ventricle, using the heart's muscular spasms as motive force, receives blood from the veins and pushes the liquid into the arteries that supply the outer reaches of the body, leaving the right ventricle to supply the lungs.

Strategy is to supplement, not to replace, the *natural organ*

For a fit person, the left ventricle does ebout 80 per cent of the heart's work. At top capacity the ventricle pumps blood at 2,000 litres an hour. At this rate, it would empty the fuel tank of an average car in about a minute.

The Thermedics pump is usually positioned in the abdominal cavity underneath the heart, leaving the organ's natural pathways undisturbed. The pump can fit into the hand and looks like a large metal yo-yo with two tubes sticking out.

Blood is channelled into the device via a conduit et the bottom of the left ventricle. The pump passes the liquid through another channel which leads to the aorta, the main artery supplying the body's vascular system, at the top of the heart.

When the natural heart empties blood into one of Thermedics' existing air-driven devices, e control system triggers e pulse of air to push a diaphragm responsible for the pumping action.

In the new battery-powered devices under development, the air pulse will be replaced by a burst of current that powers a small, microprocessor-controlled electric motor. The motor turns at one revolution a heartbeat to operate the diaphragm.

One-way valves either side of the pumping chamber keep blood flowing. Sensors track the heart's own pumping rate to keep the implant working in synchronisation.

Thermedics makes the pump from materials such as titanium and certain types of plastic that do not leak harmful materials into the blood stream.

The diaphragm has to be highly durable. It must flex some 40m times a year, in tune with the heart'a natural beat. According to Thermedics' scientists, parts made of silicone, e tough, inert material often used in biomedical devices, would wear out in six months if subjected to such treatment.

For this application, Thermedics engineered a new polyurethane called Tecoflex, which is judged resilient enough for the pump and has other applications, for instance in artificial arteries.

The company coats the inside of the pumping chamber with another form of plastic with surface features such that components from the patient's own blood "grow" on it. This is similar to the way the shell of a crab picks up mineral deposits from the sea.

The technique reduces the risk that blood entering the artificial device will clot as a result of encountering a foreign surface.

Another innovation in the way the electric device receives power from e nickel-cadmium battery worn externally. In Thermedics' so-called transcutaneous transmission system, electricity is channelled across the skin barrier by an induction effect between two sets of metal wires, one on top of the skin and the other transplanted underneath.

This avoids the need to push wire through the skin, a technique which carries a high risk of infection.

So far, Thermedics has concentrated on techniques for implanting the air-driven pump in patients as a temporary measure; for instance to give a damaged heart a rest while a person is awaiting a transplant.

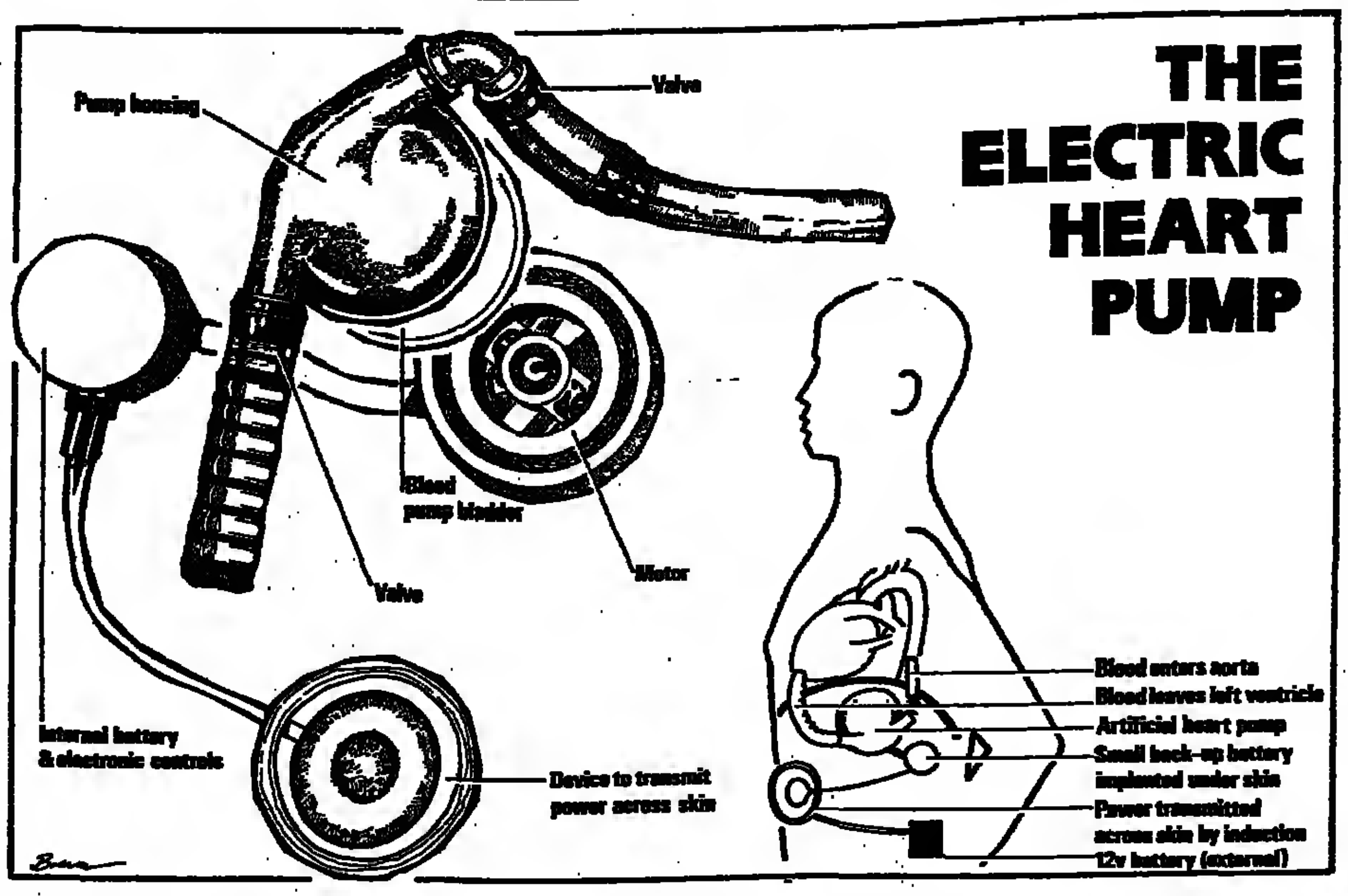
Last year, Thermedics started experiments with the electric pump on animals. Over the next two years, as a prelnde to the permanent implant planned for 1987, the company plans further trials in which people will receive for short periods what are basically air-driven pumps *using some* of the *components* needed for the electric version.

Inert nature of the device will reduce the need for drugs

The person who will receive the first artificial pump to be implanted on e permanent basis will probably be a patient at the Texas Heart Institute in Houston, one of the medical establishments with which Thermedics has worked.

Because the heart-assist device is inert and not biological in nature, drugs such as Cyclosporin A, which is often used in natural heart transplants to suppress the body's immune response, are not required.

This promises to reduce the medical prohlems often encountered by patients immediately after receiving a new heart.



Research led to new dressing

Work in new plastics for Thermedics' heart pump has led to a novel form of skin dressing that the US Army is to try out from next year.

The Army has paid the Massachusetts company $300,000 to receive samples of a clear, polyurethane-based material called Spandra. The material is placed over a wound, like an ordinary dressing.

The difference is that, while Spandra forms a barrier to bacteria, it behaves in a similar way to skin in transmitting oxygen, carbon dioxide and water vapour. This allows the wound to "breathe" and promotes healing.

A further advantage is that Spandra is made in such a way that it can contain substances such as drugs. The material can thus diffuse drugs into the wound from immediately above the damaged skin. As a result, the wound can receive the optimum amount of medication in a controlled way.

Spandra is made as a gel in which drugs can be mixed. The mixture is extruded through a die to produce an unbroken film. The plastic is cured (turned solid) by exposure to light, rather than by heat or a chemical reaction which could decompose or otherwise affect the drug.

CD read-only memory launched

PHILIPS has launched what is claimed to be the first compact disk read-only memory (CD-ROM), although it has been making the unit, called CM-100 privately for a segment of the computer industry since June.

Now to be made generally available, the unit can store 600 megabytes (millions of characters) on a single-sided disk only 120 mm (4.7 in), in diameter. The random access system is said to have high data integrity. Philips has been using a similar technique to make compact disk audio gramophone records.

The system uses laser recording in which digital data is impressed on the disk in the form of tiny "on-off" impressions made by the heat of a very small laser. The marks cannot be erased and are played back by another laser which illuminates the disk and produces light level variations which are detected by a light sensitive device.

The disk is able to store 230,000 pages of A4 text, double spaced, or more than 1,000 images, or if desired, many hours of spoken text. In terms of books, this amount of storage is equivalent to about 50 ft of shelf space.

Philips says the disks can be produced et low cost, are lightweight (and so easily mailahle) and can tolerate the kind of handling and dirt that would ruin both hard and floppy magnetic disks.

The recorded data is read optically from a relatively long distance compared with magnetic media, a sealing layer can be applied, so that even surface scratches can be tolerated. No wear takes place and Philips is claiming an almost infinite life.

The CM-100 is based on the standard for CD-ROMs developed by Philips and Sony. It will soon be available for use with the IBM PC-XT and AT and their compatible computers. Mr Rudy Falkenburg, manager of Philips' subsystems and peripherals group, says he expects these two factors to ensure the CD-ROM a very broad acceptance.

For the computer manufacturer, CD-ROM offers the prospect of new and complementary products for office antomation. It also opens new markets for publishing houses who are beginning to appreciate the benefits of low replication and distribution costs.

In addition, the cost of unanthorised duplication is very high, which will inhibit software pirating.

The average time to access data on CD-ROM is one second. The data transfer rate on and off the disk is 1.41 megabits per second and the claimed bit error rate is between one in a 100bn and one in 1,000bn.

GEOFFREY CHARLISH

UK NEWS

European collaboration seen as key

Questions hovering over the helicopter sector

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

EFFORTS to find a European solution to the problems facing the financially-troubled Westland Helicopters are due to be launched today when senior executives of the French, Italian and West Germany helicopter industries meet Mr Michael Heseltine, UK Defence Secretary, in London.

The world helicopter industry has eight main manufacturers, of which four are located in Western Europe – Aérospatiale of France, Agusta of Italy, Messerschmitt-Bölkow-Blohm of West Germany and Westland of the UK.

They compete across many aircraft types, from light utility to large tactical transport and anti-submarine aircraft, with four big US companies – Bell, Boeing-Vertol, Hughes now part of McDonnell Douglas group and Sikorsky – although there are also some smaller US helicopter companies such as Kaman and Hiller.

Whether there is room for all of the eight main groups in the future is one of the big questions hanging over the industry. Although forecasts of the world market to the end of this decade suggest total civil and military sales of about 35,400 aircraft, worth about $71.4bn, about half of these will be military sales. US procurement will be especially dominant, particularly in the medium-to-large types of aircraft.

Most of the civil markets will be dominated by smaller, lighter types of aircraft for a wide range of duties, in which the European companies particularly concentrate.

Although originally developed substantially through reliance licensed on production of US types of helicopter, the European companies have, in recent years, branched out on their own, with many civil and military designs that have competed keenly with US groups.

At the same time, the heavy and rapidly increasing development costs of helicopters have led to efforts to establish international collaboration on a wide range of ventures, with the development of specialist European international companies for this purpose.

The international groups include Eurocopter, jointly owned by Aérospatiale and Messerschmitt-Bölkow-Blohm, which is developing an anti-tank helicopter for military use by the two countries for the 1990s. The helicopter is called the HAP/PAH-2/HAC-3G according to its role – escort and protection, or anti-tank.

System leadership lies with Messerschmitt and Aérospatiale is the sub-contractor, although the work is being shared on an equal basis.

Also international is the Anglo-Italian (Westland and Agusta) EH Industries, set up to develop the EH-101 helicopter to replace the Sea King anti-submarine helicopter in the Royal Navy and its Italian navy equivalent. A commercial transport version is also envisaged.

Several hundred aircraft are likely to be built, although the initial procurement will be for smaller quantities.

An international study is under way, involving all four big European national helicopter companies, into what is called NH-90, a tactical transport helicopter for the Nato European nations for the 1990s.

No firm programme has emerged from these studies but it is hoped that a firm four-nation programme can be undertaken.

Among the four big European companies, Aérospatiale is the largest in terms of numbers of aircraft. Its programmes include the AS-332 Super Puma transport and maritime helicopter, with a civil version which has sold well, especially for oil industry duties.

Some versions of the aircraft are also built under licence by Nurtanio in Indonesia. The Puma was developed as one of the three helicopters produced under the Anglo-French helicopter package of the 1960s and 1970s.

Agusta has a range of helicopters, including the A-109 general purpose aircraft, of which more than 250 in civil and military versions have been delivered. A big programme now under way is the A-129 Mangusta primarily for anti-tank and light scout duties.

Messerschmitt - Bölkow - Blohm has concentrated on smaller, light helicopters, primarily the BO-105 utility aircraft, which has been developed in a series of models for military and civil roles.

Apart from its work on the Anglo-Italian EH-101 anti-submarine helicopter, Westland is primarily involved in two large ventures, the Lynx multi-role military aircraft and the W-30 transport aircraft.

SIB rejects Barclays appeal

BY BARRY RILEY, FINANCIAL EDITOR

CITY OF London securities firms will have to operate within the existing framework of agency law, Sir Kenneth Berrill, chairman of the Securities and Investments Board (SIB), told a City of London conference yesterday.

"In no sense are we prepared – even if we were able – to undermine the protection that agency law gives to the client of an investment business," he said.

This means that the SIB has dismissed the claim by one of the big new securities groups, Barclays de Zoete Wedd, that exemptions from agency law would be required if the new integrated securities firms were to be able to operate effectively.

Speaking to a conference on "Conflicts of Interest" organised by the Society of Investment Analysts, Sir Kenneth outlined the way in which securities firms would be expected to cope with potential conflicts.

The SIB's rules will draw a clear distinction between a person who is owed a fiduciary duty by a broker dealer and the person who is not. The former will be defined as a "client" who looks to the firm to provide him with a service rather than merely to deal with him as a counterparty, and the latter only as a "customer."

Furthermore the rules will attempt to make a clear definition of a "professional" investor, as a person to whom a firm may in general make rather less disclosure and who may be assumed to need rather less protection.

Company Notices

PRIVREDNA BANKA ZAGREB
US$50,000,000
Floating Rates - 1978/86

We inform Bondholders that the US$ 5,000,000.—instalment due for amortisation on December 30, 1985 has been met by a draw by lot. Considering 5,000 bonds are to be redeemed and the draw must be made by series with a maximum of 10 bonds, one series of 10 in every two series was taken up and the following bonds are called for repayment with their coupons payable in December 1985 and subsequent attached:

33278 to 33285.	33296 to 33305.	33316 to 33325.	33334 to 33348.
33395 to 33385.	33376 to 33385.	33396 to 33405.	33410 to 33425
33436 to 33445.	33456 to 33465.	33476 to 33465.	33496 to 33505
33518 to 33525.	33536 to 33545.	33556 to 23565.	33578 to 33585
33596 to 33605.	33616 to 33625.	33636 to 33645.	33658 to 33665
33676 to 33685.	33696 to 33705.	33718 to 33725.	33736 to 33745
33756 to 33765.	33778 to 33765.	33796 to 33565.	32816 to 22825
23836 to 33845.	33458 to 33855.	23876 to 33885.	33896 to 33905.
33916 to 35925.	33936 to 33943.	33956 to 33965.	33976 to 33988
33996 to 34005.	34016 to 34025.	34036 to 34045.	34036 to 34065
34078 to 34085.	34096 to 34105.	34118 to 34125.	34136 to 34149.
34166 to 34168.	34176 to 34165.	34196 to 34205.	34216 to 34225
34238 to 58245.	34256 to 34265.	34276 to 34285.	34296 to 34305
34316 to 34325.	34338 to 34345.	34356 to 34365.	34376 to 34345
34396 to 34465.	34416 to 34425.	24436 to 54445.	34456 to 34465
34478 to 34465.	34496 to 34505.	34316 to 34525.	34534 to 34345
34356 to 34565.	34576 to 34585.	34596 to 34605.	34616 to 34625
34636 to 34648.	34656 to 34665.	34678 to 34685.	34698 to 34705
34716 to 34725.	58736 to 34745.	34756 to 34705.	34776 to 34785
[illegible]	[illegible]	[illegible]	[illegible]
41765 to 41774.	41785 to 41794.	41805 to 41814.	41825 to 41834
41845 to 41854.	41865 to 41874.	41885 to 41894.	41905 to 41914
41925 to 41934.	41945 to 41954.	41965 to 31974.	41985 to 41994
42005 to 42012.	42025 to 42034.	42045 to 42054.	42065 to 42074
22085 to 42094.	42105 to 42114.	42125 to 42134.	42145 to 42154
42165 to 42174.	43185 to 42194.	42205 to 42214.	42225 to 42234
42245 to 42254.	42265 to 42274.	42285 to 42294.	42305 to 42314
42325 to 42334.	42345 to 42354.	42365 to 42374.	22385 to 42394
42405 to 42412.	42425 to 42434.	42445 to 42454.	42465 to 42474
42485 to 42494.	42505 to 42514.	42525 to 42534.	42545 to 42554
42564 to 42572.	42585 to 22594.	42605 to 42614.	42625 to 42634
42649 to 42654.	42665 to 42674.	42685 to 42694.	42705 to 42712
42725 to 52734.	42745 to 42754.	42765 to 42774.	42785 to 42794
42805 to 42814.	42825 to 42534.	42845 to 42854.	42865 to 42874
42885 to 42894.	42905 to 42914.	42925 to 42934.	42945 to 42954
42965 to 42972.	42988 to 42994.	43005 to 43014.	43025 to 43034
43045 to 43034.	43065 to 43074.	43085 to 43094.	43105 to 43116
43125 to 43134.	43145 to 43154.	43165 to 43174.	43185 to 43194
43205 to 43214.	43225 to 43234.	43245 to 43254.	43265 to 43274

The following Banks will carry out the redemption of the bond and the payment of interests due on December 30, 1985:
CREDIT LYONNAIS—Luxembourg, CITIBANK N.A.—New York, SOCIETE GENERALE—Paris
Amount remaining in circulation after this eighth instalment:
US $ 10,000,000.—

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

THE NIKKO SECURITIES CO LTD
European Depositary Receipts (EDRs)
issued by
Morgan Guaranty Trust Company of New York
STOCK DISTRIBUTION

The company has decided to issue new shares in the ratio of 0.03 new share for 1 old share held at the record date September 30, 1985. As from November 30, 1985 until February 28, 1986 holders of European Depositary Receipts can obtain the new share in the same proportion as abovementioned by presenting coupon No 9.
The new certificates will be issued only in denomination of 1,000 Depositary Receipts.
Holders of coupons No 9 who do not have the appropriate number of shares to obtain a new certificate will receive the cash indemnity after February 28, 1986.

LEUMI INTERNATIONAL INVESTMENTS N.V.
US$60 MILLION GUARANTEED FLOATING RATE NOTES 1989 EXTENDIBLE AT THE HOLDER'S OPTION TO 1992 (2ND ISSUE)

The interest rate applicable to the above Notes in respect of the six month period commencing Friday, 29th November 1985 has been fixed at 8½% per annum.
The interest amounting to US$42.34 per US$1,000 principal amount of the Notes will be paid on Friday, 30th May 1986 against presentation of Coupon No. 7.
BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

OFFICIAL NOTICE

The loss has been reported to us of the following London Metal Exchange Warrant and we have been asked to issue a Duplicate.
No 413362 34 Bundles Aluminium Brand: 1AS. 25.061 Kilos. Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods, or the issue of a duplicate Warrant.
C. STEINWEG
Wallenmskade 20,
Rotterdam 3,
Netherlands.

QUEBEC CENTRAL RAILWAY COMPANY
4% FIRST MORTGAGE DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due February 1, 1986 on the above Stock, the Transfer Books will be closed at 3.30 p.m. on January 3 and will be re-opened on January 7, 1986.

W. B. REEVE
Assistant Secretary

6d Finsbury Square,
London 2C2A 1DD
November 21, 1985.

Contracts and Tenders

ALGERIE - الجزائـر

ALGERIAN POPULAR DEMOCRATIC REPUBLIC

ALGERIAN POPULAR DEMOCRATIC REPUBLIC
THE MINISTRY FOR WATER RESOURCES, THE ENVIRONMENT & FORESTRY
NATIONAL DAM BUREAU

NOTICE OF NATIONAL AND INTERNATIONAL PRE-SELECTION OF COMPANIES

The Ministry for Water Resources, the Environment and Forestry is launching a notice of pre-selection for companies interested in constructing the dam at BENI-HAROUN on the Oued KEBIR, 70km to the north of CONSTANTINE, in the Wilaya de MILA. The structures to be constructed primarily consist of the following:

1. A dam of rockfill with clay core, 120m in height, 600m along the crest, of total capacity 795 million m3 at level RN 195.
2. A roller-compacted concrete coffer-dam 32m in height.
3. Spillway with 3 sill, 50m crest length with spillway channel 320m in length.
4. Two by-pass tonnels, 8m in diameter, each 600m in length.
5. Sloping water-in-takeshaft, 40m in length, diameter 9m.
6. Valve chamber in vertical shaft, 8m in diameter, 107m in length.

VOLUME OF WORK:

Excavation	
Open	4,500,000m3
Underground	80,000m3
Backfill	10,000,000m3
Concrete	
Mass	60,000m3
Reinforced	100,000m3
Roller-compacted	465,000m3

Companies interested in this notice are invited to contact the Agence Nationale des Barrages, Ministère de l'Hydraulique de l'Environnement et des Forêts (KOUBA) in order to obtain the pre-selection documentation on payment of the sum of 500 DA.

The duly completed documentation should be submitted by 12 noon at the latest on 15 January 1986, to the Ministère de l'Hydraulique de l'Environnement et des Forêts (KOUBA), Agence Nationale des Barrages.

The envelope should not bear any mark that may identify the company and must read "Barrage BENI-HAROUN préqualification."

anep/alger

Police inquiries 'find evidence of JMB fraud'

BY TERRY POVEY AND KEVIN BROWN

EVIDENCE of fraud has been found in connection with Johnson Matthey Bankers (JMB), the City of London Fraud Squad said yesterday.

The suspected fraud took place in 1981 and police have asked the Director of Public Prosecutions (DPP) for advice on whether criminal proceedings should be started. A fraud investigation group has been set up.

JMB was rescued by the Bank of England in October 1984 after it was found that loan losses could total £250m (later reduced to £220m), which was considerably more than the bank's capital. In July a police investigation into the possibility of fraud in or on JMB was announced by Mr Nigel Lawson, Chancellor of the Exchequer.

In the House of Commons yesterday the Government came under pressure to set up an inquiry into the JMB affair. There were repeated claims by Labour MPs that Mr Lawson had delayed sanctioning fraud inquiries, and anger thet he chose not to answer questions on JMB himself.

Exchanges in the Commons also revealed growing unease among Tory MPs, particularly about the role played in rescuing JMB by the Bank of England.

Some Conservatives called for strong powers for fraud investigators to be included in the forthcoming Financial Services Bill.

Mr Ian Stewart, the Economic Secretary to the Treasury, insisted that there was no *prima facie* evidence of fraud involving JMB when the Chancellor announced that the police had been called in. "The appropriate method for investigation of criminal offences in this country is through police investigation and not through public inquiry," he said.

Mr Brian Sedgemore, the Labour MP who was recently barred from the Commons for five days after questioning the Chancellor's integrity over JMB, was given roars of encouragement as he rose to question Mr Stewart.

He said the Chancellor should explain why he had said there was no *prima facie* evidence of fraud when parliamentary written answers in the past two weeks had shown that the Attorney General and the Bank of England could have advised him that these statements were ontrue.

Margaret Van Hattem looks at the tactics to break the recent Anglo-Irish accord

Ulster's electoral collision course

NORTHERN IRELAND's Unionist leaders, incensed by the Anglo-Irish agreement signed earlier this month between Dublin and London, will face their first real test early next summer.

By then it should be clear whether the majority community is prepared to follow them into a campaign of widespread civil disobedience involving non-payment of local property taxes and personal income taxes, as well as other forms of passive resistance to the agreement.

Right now, the community is not prepared to do so. Unionist politicians are already telling each other that "this is the big one," the ultimate test of their community's right to determine how the province should be run.

But they know that the people have yet to be convinced that the Anglo-Irish agreement, overwhelmingly approved in the House of Commons on Wednesday, is an irrevocable step towards their ejection from the UK and that it can and must be stopped.

That is why the 15 Ulster Unionist MPs are resigning their seats to fight by-elections early next year. They do not need to seek a fresh mandate, because few in Westminster or in the province need to be convinced of their ability to win elections. Nor do they need to establish that the majority in Northern Ireland would rather not have the agreement.

The by-elections' real value lies in the opportunity afforded by two months of campaigning to raise the province's temperature and foster a climate of revolt.

The two main Unionist parties (the Official Unionist Party and the Democratic Unionist Party) agree oo the tactics: the MPs will all resign from Westminster with effect from January 1, and will fight by-elections, probably in February, on the issue of the Anglo-Irish agreement.

In Westminster they will then demand that Parliament respect the will of the Ulster people and rescind the agreement. When this is rejected, they will boycott Parliament, although they will be entitled to continue drawing their parliamentary salaries.

Any members of their parties who are still participating in the local council or the Northern Ireland Assembly will then withdraw, and all party members represented on government bodies will join the boycott.

The Unionist leaders hope that by this time, the majority community will be sufficiently incensed to join the protest, bringing the administrative machinery of the province to a halt.

People would not be expected to resign from public sector jobs, or to stop claiming pensions and benefits.

The campaign opened as the vote was announced on Wednesday night when the Rev Ian Paisley, leader of the Democratic Unionist party, and Mr Peter Robinson, his deputy, left the debate shouting "Ulster forever" and "No surrender."

They had already written to the Chancellor of the Exchequer applying for the stewardships of the Chiltern Hundreds and Northstead Manor – ficticious offices under the Crown which, by convention, disqualify the holder from membership of Parliament.

The other 13 Unionist MPs intend to do the same. Since the holders of these two stewardships need hold the office for only an hour and are automaticaly superseded when a new application is received, there is no procedural obstacle to them all resigning on the same day.

The next step will be setting in motion the legal procedures for the by-elections, which are intended to be held simultaneously as a "mini general election." Under Westminster convention this is usually done by an MP of the same party as the previous holder of the seat.

Since all the Unionist MPs will have resigned, one of their sympathisers in the ruling Conservative Party will do this on their behalf.

Usually, this procedure is passed without challenge, but the possibility of a challenge cannot be ruled out. However, Mrs Margaret Thatcher, the Prime Minister, has made clear that the Government does not intend to obstruct the wishes of the Unionists to fight by-elections.

Government business managers have also made clear that should individual members force a vote, the Unionists will be able to count on the support of the Government to get the procedure passed.

Campaigning will then move into top gear. The two main Unionist parties have already agreed not to compete against each other, so ensuring that most of the sitting MPs will be returned to Westminster.

However, they do risk losing one or two marginal seats where the nationalist, or minority, vote could unite behind a single candidate instead of dividing between Sinn Fein (political wing of the Provisional IRA) and the Social Democratic and Labour Party.

Whether the tactics add up to a strategy is not yet clear. The Unionist leaders insist that the agreement must be rescinded. Mrs Thatcher insists that it will not be, and that this time, the Government will not give in to violence.

The Government is opening as many doors as it can for the Unionists to walk through and return to participatory politics once they have registered their protest.

The Unionist leaders themselves do not appear to know whether they are turning their backs on those doors or merely holding out for red carpets as well.

Scholey to step up as British Steel chief

BY IAN RODGER

MR ROBERT SCHOLEY, the long serving deputy chairman and chief executive of the state-owned British Steel Corporation (BSC), is to be its next chairman.

Mr Scholey, who is 64, will take over from Sir Robert Haslam in April when Sir Robert leaves to become chairman of the National Coal Board. His appointment is for three years.

Sir Ronald Halstead, who was sacked two weeks ago as chairman of Beecham, has been named as the next non-executive deputy chairman of BSC. He has been a non-executive director since 1979, and was approached about the deputy chairman's post before he was dismissed from Beecham. Mr Scholey is the first career steelman to be chairman of BSC. He was appointed chief executive in 1973, but then successive governments on three occasions appointed a chairman from outside the industry rather than promote him.

As chief executive, he has won widespread admiration for the way he carried out the huge restructuring that was needed at BSC in recent years. He has also acquired respect in the European steel industry. He was appointed president of Eurofer, the major EEC steel producers' club, last April, and has begun a series of consultations aimed at strengthening that organisation.

When it became known last month that Sir Robert would be leaving, Mr Scholey was considered the most likely successor. No other names were mentioned as potential candidates.

Men and Matters, Page 12

Verdict on Raper inquiry

BY DAVID GOODHART

THE DEPARTMENT of Trade and Industry inquiry into the controversial circumstances surrounding the acquisition of the Westminister Property Group in 1983 by Mr Jim Raper, the financier, has concluded that there is not "sufficient reason for the institution of criminal proceedings."

The main thrust of the inquiry centred on whether Mr Raper's company St Piran had been acting "in concert" with various third parties and taking his holding to over 30 per cent without making a full bid as required by the Take-Over Panel.

The inspectors do say that Mr Stuart Withers, a private detective, was probably acting with St Piran.

The report states: "We remain of the opinion that the likeliest interpretation of such facts as we have been able to establish is that Mr Withers and Saint Piran may have been acting in concert. We have, however, seen no evidence which leads us to believe that, as suspected by the Board of Westminister at the time of our appointment, Saint Piran may have been acting in concert with anyone else."

Mr Withers said the inspectors were wrong in their conclusions and he had no connection with St Piran. He has recently been fined £2,500 for contempt of court for refusing to provide evidence about the origins of two payments of £200,000 from Swiss bank accounts.

The circumstances surrounding the build-up of a stake in Westminster by St Piran remain relevant because of the recent concern over City of London self-regulation and also because another company formerly owned by Mr Raper, Milbury Homes, became the subject of another DTI inquiry in August.

Lex, Page 14; Details, Page 22

BAA will switch to ICL computers

THE BRITISH Airports Authority (BAA) is to buy its large computers from ICL, the only British-owned mainframe manufacturer, in preference to its existing US suppliers, Honeywell and Digital Equipment, Jason Crisp writes.

The BAA is the first large company to switch to ICL since it launched its range of Series 39 computers, developed in conjunction with Fujitsu of Japan, last April.

The decision, which could lead to orders worth several million pounds, is encouraging for ICL, which has seen some of its best customers – such as British Telecom and Sainsbury's – switch to buying large computers from US companies like IBM.

The BAA strongly denied that there had been any political pressures to buy from ICL, which is part of STC, the troubled telecommunications group. ICL is understood to bave orders worth about £100m for the Series 39 computers which it started developing at the time of its own financial crisis in 1981.

ICL was in competition with Honeywell, DEC and IBM for the BAA approval. The initial order is for a £300,000 mainframe for BAA's Gatwick headquarters. ICL can expect to win orders for up to 30 computers over the next five years, some of which will be much larger than the initial order.

□ THE BRITISH Government may be willing to consider limited and temporary assistance to the Cornish tin industry, depending on the outcome of talks over the crisis at the International Tin Council (ITC).

□ SENIOR British officials, seeking to resolve confusion over plans to build a privately financed rail tunnel under the Channel between England and France, have given the four group's promoting schemes until today to clarify their position and to submit details of the terms and conditions they seek from British Rail.

BR has similarly been asked to clarify what it wants from negotiations with the four promoters.

Editorial Comment, Page 12

□ UNIONS representing Ford's 37,500 hourly-paid workers in the UK yesterday said the company's latest pay offer, of 3 per cent across the board plus 2 per cent for 1,000 line workers, was not enough. They also want more information on changes Ford wants in working practices.

□ SOVIET and US scientists are due to confront each other in London next week to debate technical and political aspects of the US Strategic Defence Initiative. The meeting will be held under the auspices of Pugwash, an informal international group of scientists which meets periodically to debate defence issues.

□ STATE-OWNED British Rail has cut a pay offer to its drivers from £1.50 to £1.25 extra per shift, in line with government calls to tie earnings increases strictly to productivity gains.

Broackes joins Distillers

By Lionel Barber and James McDonald

DISTILLERS, the Scotch whisky group under threat of a hostile £1.5bn takeover bid from Argyll, the supermarkets group, yesterday appointed Sir Nigel Broackes, an experienced British industrialist, as a non-executive director to its board.

The appointment comes just three days before Argyll is free to launch a takeover bid for Distillers under a ruling from the Takeover Panel.

City of London analysts said Sir Nigel, chairman of Trafalgar House, the shipping and construction group and a noted bid tactician, would strengthen the Distillers' team which has been criticised for a lackluster performance in recent years. "He could be the catalyst for change," said one broker.

Both Distillers and Sir Nigel played down any connection between the threatened takeover bid and the appointment. But Distillers and its recently-appointed merchant bank advisers, Kleinwort Benson, are understood to have been concerned about the group's image.

In a separate development yesterday, Distillers confirmed that it was to become the chief sponsor of the athletic events at the Commonwealth Games in Edinburgh next July.

Men and Matters, Page 12; making up for lost time, Page 19

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
29	30	1	2	3	4	5

Music

LONDON

London Cantata Choir and London Bach Orchestra, directed by Peter Moorse, with Sarah Leonard, soprano, and Nigel Beavan, baritone. Finzi, Harvey and Vaughan Williams. Queen Elizabeth Hall (Mon). (928 3101).

Philharmonia Orchestra, conducted by Giuseppe Sinopoli, with Christopher Warren-Green, violin. Bruch, Mahler and Brahms. Royal Festival Hall (Mon). (928 3191).

London Symphony Orchestra, conducted by Lukas Foss, piano. Bainbridge, Ives, Mozart and Tchaikovsky. Barbican Hall (Tue). (638 8891).

PARIS

Martial Solal, piano and Les 12 Violons de France: Veracini, Mendelssohn, Improvisations on Duke Ellington, Gershwin (6.30pm); Raina Kabaivanska, soprano, Orchèstre de l'Ile de France, conducted by Jacques Mercier, Gluck, Spontini, Verdi, Cilea (8.30pm). Both Concerts Mon, TMP-Châtelet. (4233 0000).

Christa Ludwig, mezzosoprano. Recital (Mon). Théâtre de l'Athenée. (4742 6727).

Orchèstre Colonne, conducted by Kent Nagano, with David Lively, Takemitsu, Beethoven, Brahms, Salle Pleyel (45 10630).

WEST GERMANY

Frankfurt, Alte Oper: Maurice André, trumpet; Hedwig Bilgram, organ. Stölzel, Bach, Veracini, Händel and Marcello (Tue); Vladimir Ashkenazy, piano. Beethoven and Schubert (Wed).

ITALY

Milan: Teatro alla Scala: violinist Salvatore Accardo. Bach. (Mon). (809126).

Rome: Teatro Olimpico: (Piazza Gentile da Fabriano): The ensemble Junger Blaser Europas conducted by Frank Cramer, with Thomas Brandis, violin; David Levine. Berg, Schubert and Mozart. (Wed). (393304).

SPAIN

Madrid, Midday concerts in Fundacion March. Baroque Chorus accompanied by Gaudeamus Chamber Orchestra. Albinoni and Händel (Mon); French piano music (Wed). Castello 77. Free Entrance.

VIENNA

Jean-Pierre Rampal, flute; John Steel Ritter, harpsichord and piano. Leclair, Telemann, Bach, Czerny, Bartók. Brahms Saal, Musikverein (Mon).

Chamber Orchestra of Europe, conducted by Murray Perahia, piano. J. C. Bach, Mozart, Beethoven, Konzerthaus. (Tue).

BRUSSELS

Palais des Beaux Arts: RTB Symphony Orchestra, conducted by Alfred Walter, with Bogdan Czapiewski, piano; and Patricia Atkins-Chiti, soprano. Dvořák, Shostakovitch, Bartók. (Thur). (512 5045).

NETHERLANDS

Amsterdam, Concertgebouw. Ken-Ichiro Kohbayashi conducting the Netherlands Philharmonic in Verdi's Requiem, with Nelly Miricioiu, soprano; Rachel Gettler, mezzosoprano; Dino di Domenico, tenor; Nikita Storoyev, bass; and the Toonkunst Choir under Jan Eelkema (Tue, Wed). Recital Hall: Hakan Hagegard, baritone; accompanied by Geoffrey Parsons (Tue). (718345).

Rotterdam, De Doelen. Lunchtime organ recital by Arie Keijzer (Thur). Recital Hall: Monica Huggett, baroque violin. Bach (Mon). (1429 11).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Leonard Bernstein conducting: All-Mahler programme (Tue); Leonard Bernstein conducting: Harris, Schuman, Copland (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, with Choral Arts Society of Washington, directed by Norman Scribner: All-Penderecki programme (Mon, Thur). Kennedy Center (785 8110).

CHICAGO

Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting: Shostakovich, Ravel, Stravinsky (Thur). (435 8122).

TOKYO

Fiedel String Quartet: Bartók, Beethoven. Tokyo Bunka Kaikan Recital Hall (Mon). (236 1661).

Thomanercher and Gewandhaus Orchester of Leipzig, conducted by Hans-Joachim Rotzsch; with Peter Schreier, tenor. Bach's St Matthew Passion. Showa Women'n College, Hitomi Memorial Hall, near Sangenjaya.

Opera and Ballet

PARIS

Opera: The Siege of Corinth alternates with Gounod's Romeo and Juliette conducted by Maximiano Valdes with Juliette sung by Ana-Maria Gonzales, Stefano by Marie-Christine Porta and Romeo by Alfredo Kraus (4266 5022).

WEST GERMANY

Berlin, Deutsche Oper: Tannhäuser has Spas Wenkoff in the title role and the highly acclaimed Bayreuth Elisabeth, Cheryl Studer. Handel'n Messiah, in a staged version, features Cheryl Studer and Harald Stamm. Also Die Lustigen Weiber von Windsor. (34381).

Hamburg, Staatsoper: the new Peter Ustinov production of Katjn Kabanova has Anny Schlemm, Daphen Evangelatos and Franz Ferdinand Nentwig. Arabella has Olive Fredericks, Gundula Janowitz and Dieter Weller. The rare-played Intolleranza by Luigi Nono, has fine interpretations by Gabriele Schanut and William Cochran. Handel's Belsazar is conducted by Gerd Albrecht. In the main parts are Helen Donath and Walter Raffeiner. (351 151).

NEW YORK

Dance Theater Workshop: The invitational Border Crossings celebrating the venue's 20th anniversary continues with Fresh Tracks, a choreographers' showcase (Tue). (219 W. 19th St. (924 0077).

CHICAGO

Lyric Opera (Civic Opera House): The 31st season includes Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz, along with Madame Butterfly with Anna Tomowa-Sintow in the title role conducted by Miguel Gomez-Martinez. Also Samson, Anna Bolena, La Traviata, I Capuleti e I Montecchi, Die Meistersinger and La Rondine. (332 2244).

NETHERLANDS

The Nederlands Dans Theater on tour with Uccelli and Converge by Nacho Duato, and Kylian's Wiegelied. Mon in Roermond, Oranjerie (35061). Tue, Wed in Amsterdam, Stadsschouwburg (24231t).

Amsterdam, Stadsschouwburg. The Netherlands Opera with o double bill of Cavallerie Rusticana and Pagliacci directed by Nicolas Joel, with sets and costumes by Pet Halmen. The Netherlands Philharmonic and the Opera Choir conducted by Bohumil Gregor. Casts headed by Galina Savova and Adriaan van Limpt, and Thea van der Putten and Jan Derksen (Mon). (242311).

SPAIN

Valencia, Bulgarian Opera Chamber Orchestra with Donizetti's Il Campanello and Mozart's The Impresario. Teatro Principal, Barcas 15. (351 0051).

Madrid, Spanish Radio and Television Symphony Orchestra conducted by Miguel o Gomez Molina. Concert version of Tristan and Isolde, Act 1. (Acts 2 and 3 will follow in successive weeks). Teatro Real, Plaza de Oriente 4. (241 9739).

ITALY

Trieste: Teatro Comunale Giuseppe Verdi: Simon Boccanegra conducted by Tamas Pal and directed by Carlo Maestrini. In the cast Stefka Evstatieva, Renato Bruson and Carlo Cossutta. (613 1948).

Florence: Teatro Comunale: Manon Lescaut conducted by Maurizio Arena. Mirella Freni sings the title role. Production, scenery and costumes by Pier Luigi Samaritani (277 9236)

LONDON

Royal Opera, Covent Garden: La fanciulla del west, one of the Royal Opera's most successful lavish productions of recent years, comes back with new principals (Mara Zampieri, Nicola Martinucci, Alain Fondary) and a new conductor, the excellent John Mauceri. (240 1066).

VIENNA

Staatsoper: Bartok'a Herzog Blaubarts Burg (Duke Bluebeard's Castle) conducted by Kout with Takacs, Nimsgern and Schönberg's Erwartung conducted by Schirmer with Armstrong; Die Walküre, Daphnis and Chloe by Ravel and Neumeier and The Fire Bird by Stravinski and Neumeier conducted by Schirmer; La Bohème (5324/2655).

Theatre

NETHERLANDS

Amsterdam, Bellevue Theatre. The English Speaking Theatre of Amsterdam presents William Gibson's bittersweet comedy, Two For The Seesaw. Maxine Resnick and Grant Coburn directed by Svarupa. All week except Thur. (247 248).

Eindhoven, Schouwburg. Lamda Theatre of London with Thornton Wilder's Skin of Our Teeth, directed by Roger Croucher (Tue). (111122)

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with n third-rate farce is o key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber'n rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and o dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick'a tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain'n biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of n musical. (834 1317, credit cards 828 4735).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

TOKYO

Noh: There are performances at most of Tokyo'n Noh theatres at weekends. Details in Tokyo English dailies and Tour Companion available at major hotels. Two handy little books A Guide to Noh and Guide to Kyogen in most hotel bookstores give summaries of plots.

WASHINGTON

Night Mother (Arena): Marsha Norman'a searing view of o mother and daughter on the night the daughter announces her intention to commit suicide requires n strong stomach for hard-bitten realism. This production by James C. Nicola has Halo Wines as daughter Jessie and Ann Guilbert as mother Thelma. Ends Dec 8. (488 3300).

CHICAGO

King Lear (Goodman): The Stratford Festival of Ontario production puts Lear in o rustic setting that looks much like the North American frontier. Ends Dec 22 (443 3810).

NEW YORK

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on o Depression-era Jewish household where young Eugene falls owkwardly in love with his cousin. (221 1211).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by o large chorus line. (977 9020).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Exhibitions

TOKYO

Impressionist Masterpieces: From the Art Institute of Chicago, 65 items from one of the world'n largest collections trace the development of impressionism from Millet and Courbet forward. Included are Renoir'a On the Terrace, and Cézanne's The Bathers. Seibu Museum of Art, Seibu department store, Ikebukuro Branch. Closed Thur. Ends Dec 17.

NEW YORK

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

Asia Society: Complementing the Metropolitan show, Akbar's India concentrates on the 49-year reign of the sixteenth-century Mughal emperor who built Fatehpur Sikri and inspired the works represented here by 80 paintings as well as metal work, carpets, and textiles. Ends Jan 5.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

CHICAGO

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80 sculptors' drawings to show the interplay between preparation and execution in the work among others of Rodin, Carpeaux and Rysbrack. Ends Dec 12.

PARIS

Picasso Museum: The 17th century Hôtel Salé, sumptuously restored, provides n fitting home for the world'a largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cézanne, Douanier and Rousseau. Musée Picasso. Hôtel Salé, 5 rue Thorigny, Paris 3e (271 2421). Closed Tue.

Sir Joshua Reynolds: The artist's first exhibition ever in France, organised with the London Royal Academy and British Council'a aid. It follows the Gainsborough and Turner exhibitions and acquaints the surprised French public with the history of English painting and with the remarkable and inventive portraitist that was Reynolds. Grand Palais, closed Tue, Wed late opening (261 5410).

SPAIN

Madrid, n retrospective of 200 paintings, waxes and drawings by master of Cubism Juan Gris (1887-1927) on loan by private collections and museums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe o good assembly of Gris's best works. Biblioteca Nacional, Sala Picasso, Paseo Recoletos 22. Until end of Dec.

Madrid, a selection of 162 XVIIth century paintings including Ribera, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Pretti, Caracciolo, Salvotore Rosa, Micco Spadero, Falcone, etc. Palacio de Villahermosa, Prado Museum. Until end of Dec.

ITALY

Florence: Museo di Storin della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibitioo also includes engravings by Durer, Rembrandt and Jopanese artists. Ends Jan 11.

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibitioo explores the movement of goods (incense, myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more ot school outings than tourists and thet a lot of the information could have been got just as well from a good book. Ends Jan 5.

Rome, Galleria Giulia, Via Giulia 148. Pierre Klossowski – recent works: Twenty enigmatic and erotic drawings by a well-known figure of Paris literary life in the Thirties. Brother of the painter Balthus. Ends Dec 11.

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 5.

Hanover, Kestner-Gesellschaft, Warmbüchenstr 16: pictures and drawings by the Austrian painter Christian Ludwig Attersee since 1975. Ends Dec 8.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the tast nine years. Ends Jan 19.

Essen, Museum Folkwang, Goethestrasse 41: To honour the German painter Lovis Corinth on the 60th anniversary of his death, the exhibition contains 90 paintings and 40 graphic illustrations. Ends Jan 12.

BRUSSELS

Spanish Netherlands 1500-1700: Renaissance and Baroque, Flemish and Spanish painters – Velázquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. Ends Dec 22.

Goya: paintings, drawings, etchings from Spanish public and private collections. Musée Royale des Beaux Arts. Ends Dec 22.

Picasso, Miró, Dali: Palais des Beaux Arts. Ends Dec 22.

Tapies, Chillida, López Garcia: three contemporary artists. Musée d'Art Moderne. Ends Dec 22.

Los Iberos: Iberian Art from the pre-Roman period. Musée Royale d'Art et Histoire. Ends Dec 22.

Dario de Regoyos (1857-1913): A Spaniard in Belgium. Banque Bruxelles Lambert, Place Royale ends Dec 21.

NETHERLANDS

Eindhoven, Van Abbe Museum. The ethereal worlds of Nicola de Maria in a colouristic display of paintings, drawings and watercolours. Ends Dec 8.

Amsterdam, Maison Descartes (Vijzelgracht 2a). Season of French experimental films, including Cocteau, Varda and Bidault (Tue and Thur). (224936).

VIENNA

Art From The Stone: Art lithography from its origins to the present. This exhibition shows the versatility of nearly 200 years of European lithography. Most artists seem to have had n try at drawing or painting "on the stone" – from Goya to Picasso, Delacroix to Chagall, Toulouse-Lautrec to Miro, Munch and Beckmann. The exhibitioo exploins how lithography begao, how it is done, and goes a long way to explain its continued fascination for artists. At the Albertina until Dec 8.

Treasures From The Forbidden City, Peking: A selection of 120 objects covering 3,500 yeors of Chinese history from Peking's Forbiddeo City, the former Imperial Palace, now a museum. It includes gold and jade pieces, calligraphy of all kinds, musical instruments, costumes, paintings, procelain vases, dishes and cups from the Ming and Qing dynasties, and paintings on silk rolls showing the elaborate ritual of the court, or members of the royal family ot leisure or on one of their epic journeys. This is the last opportunity to see the collection in Europe before it returns to the Forbidden City. Museum of Ethnology. Heldenplatz, Vienna, until Dec 8.

THE ARTS

Cinema/Paul Taylor

Flex-appeal feminism

Pumping Iron 2: The Women directed by George Butler

Lust in the Dust directed by Paul Bartel

Santa Claus – The Movie directed by Jeannot Szwarc

The Goonies directed by Richard Donner

Agony directed by Elim Klimov

Turtle Diary directed by John Irvin

Classic Japanese Films 1935-84

It is the day before the 1983 women's World Cup Championship. Oscar State, the elderly autocrat of the International Federation of Body Builders' jury, holds the floor of a Caesar's Palace ante-room, and tetchily harangues his fellow judges on the controversy splitting the sport. The ascendancy of "flex appeal" aesthetics is being challenged by the first woman to bring "masculine" musculature into the competitive arena.

The central drama of tha lively documentary *Pumping Iron 2: The Women* is both absurd and absorbing. George Butler (co-director of the 1977 film *Pumping Iron*, which made stars of Arnold Schwarzenegger and Lon Ferrigno) has his mainly female camera crew focus on four contestants in the lead-up to their $50,000 confrontation in Vegas, drawing engagingly diverse portraits of women wbo have clearly developed their sexual politics along with their muscles.

In training and in repose the quartet defy objectification or stereotyping witb their casual assertiveness and wit, while the film makers nudge what might have been a mere soft-core spectacle towards both comedy-of-manners and a meditation on voyeurism and feminism. Director Butler has clearly taken dramatic inspiration from tha "competition" films of Micbael Ritchie (*Downhill Racer, The Candidate, Smile*), bnt the rich supporting cast of characters here could hardly have been invented.

Rachel McLish in a scene from "Pumping Iron 2: The Women"

*

On this perky evidence—and that of a London Film Festivel treat like Shirley Clarke'e new film on jazz iconoclast Ornette Coleman (showing at the Everyman tomorrow afternoon)—the American non-fiction film would seem to be in good health. Certainly better off than its yarn-spinning counterpart, going by thia week'a trio of exercises in cynical cinema.

Paul Bartel'a *Lust in the Dust* finds him flailing around in a B-Western parody attempting to regain the endearingly tame tastelessness that buoyed up the equally cheap *Eating Raoul*, (and *Death Race 2000* before that). *Camp cultists may warm* to the regular Divine drag-act being detoured down Durango way—or lo the self- and genre-mocking support of such iconic veterans as Tab Hunter, Henry Silva, *Geoffrey Lewis* and Cesar Romero—but there's so little sharpness to the sex'n'shootouts cliche-comedy around the Chili Verde saloon that *Lust* soon begins to look like a one-joke movie about a one-horse town.

*

Both *Santa Claus—The Movie* and *The Goonies* are intended as Christmas stocking fillers. As sucb they'd be most usefully employed to cosh a particularly naughty child with during the holiday. Both are slapdash affairs, from tha Salkind and Spielberg empires respectively:

In *Santa* elf-age Burgess Meredith welcomes David Huddleston'a jovial Claus to the North Pole with the news that his coming fulfils the ancient prophecy (some confusion here; surely?), and then sets him to delivering wooden toys to Manhattan moppets for eternity. The disruptive antics of embarrassed "elf-improver" Dudley Moore and the evil designs of earthly cheapskate toymaker John Lithgow (watchably OTT) provida plot tension, but the infant identification figures are colourless, and a twee tackiness engulfs all.

The Goonies sets a septet of all-American kids a subterranean treasure hunt to have adult faces. Some murky sentimentality and a muddy soundtrack interrupt the functionally hysterical pacing; the film has the over-in-a-flash impact of a theme-park ride.

*

The week's art-house offerings are of diminished stature, too. *Agony*, Elim Klimov'a drama of Rasputin and the Romanovs, has been long shelved by the Soviets, but now emerges as a sprawlingly chaotic, overkill chronicle of doomed decadence. Ill-used con-

Glenda Jackson

textual newsreel and a plethora of identificatory captions do little to pinpoint perspectives on the dances of death within the Tsarist conrt, and Klimov's tendency to treat thematic excess with its splashy stylistic equivalent lost me early in its 148-minute lurch towards the Revolution.

The intimism of *Turtle Diary* might have offered a refreshing contrast were it not so obstinately cast within thet most dispiriting of British forms: the radio-play-with-pictures. The Pinter-scripted gutting of Russell Hoban's complex novel is acted with inscrutable intensity by Glenda Jackson, Ben Kingsley, Michael Gambon, Eleanor Bron and Harriet Walter. The film never quite decides just how reticent to be abont peddling the central metaphor of liberation in its slim story aboul a pair of zoo-haunting loners who plan to return three captive turtles to the sea. Its damp sensitivity and soft satire on a certain London tribe should ensure, though, that it runs and runs.

*

For *cinematic* interest there is not much to touch the Barbican's season of Japanese classics (1935-1984, weekend-only screenings for the next three months). Many of the prints have been specially imported; from the lesser-known or long-unavailable material on show, I recommend the original 1958 version of *The Ballad of Narayama* (showing December 7). A boldly styliaed studio rendering of the folk tale about a community that abandons its aged to the mountain gods, Keisuke Kinoshita's melodrama is a wholly restorative tour-de-force of startlingly strange imagery and violently expressionist lighting schemes. Its motion and its emotions are indissoluble.

Maryland Handel Festival/Washington

Andrew Porter

The Maryland Handel Festival — originally three, now four, days of concerts and conference — began in 1981, and it flonrishes. It is held annually on the College Park campus of the University of Maryland — acres of handsome, vaguely Wrennish redbrick buildings on rolling lawns — on the oulskirts of Washington. (There'a e nice story of Solti, coming to conduct a concert here, asking the taxi driver to *take* him to the building with white pillars outside"; and arriving to find that *all* the buildings have pillared porticos.) Most concerts are given in the College Chapel, shaped like a City church, a galleried temple within, but one austerely free of all cult images: nothing to show whether Christ or Krishna, Mithras or Mammon is honoured here. Some concerts sre given in the Library of Congress. Washington was looking its antumn best, and thia year's festival coincided happily with the start of the splendid country-house treasures exhibition ln the National Gallery.

The festival's foundation is the famous and excellent University of Maryland Chorus — an ensemble of lithe, fresh, responsive young voices — and its conductor Paul Traver (artistic director of tbe festival); end its climax is an oratorio. In chronological sequence, *Esther, Deborah*, and this year *Athalia* have been done; next year *Saul*. For the first time a dramatic director was eogeged: Nicholas Deutsch, whose presentation of *Belshazzar* in New York earlier this year was so impressive.

With simple moves—carefully timed entrances and exits, carefully planned platform stationing—the pallerns of the drama were revealed. Handel's *Athalia* is what Schlegel declared Racine's *Athalie* (its source) to be: a noble tragedy. "The scene has all the majesty of a public action. Expectation, emotion, and keen agitation succeed eech other, and continually rise . . . There is a display of the richest variety, sometimes of sweetness, but more often of majesty and grendeur . . . Its import is exactly what that of a religious drama ought to be: on earth, tha struggle between good and evil; end in heaven the wakeful eye of providence beaming, from unapproechable glory, rays of constancy and resolution."

Linda Mabbs did not quite have the temperament for the Clytemnestra-like title role (which Joan Sutherland has now recorded), but she got a good part of the way. Judith Nelson was well sulted by the music of the anxious, gentle, loving Josabeth, quietly eteadfast in opposition to her formidable mother. Joad was sung by Derek Le Ragin, an American conntertenor who hes made his name in Europe. His line is flexible and well-defined, but there waa just a touch of preciousness in the manner; he seemed a shade too smilingly anxious to please. The treble boy-king Joas was tonchly sung by Christopher Pittenger.

The chorus—"the real hero and hub of *Athalia*," as Winton Dean puts it — was splendld, whether as blooming vlrgins, sensuous Baalites, or fervent people of Jndah. Mr Traver commands light-stepping Baroque gaits and achieves grandeur without heaviness. Washington'e Smithsonian Chamber Players, their Baroque lnstruments mustered at strength for the colourful score, played well. At another concert, Traver conducted his chorus in radiant Schütz, and the Smithsonians in an ebullient *Water Music*.

Acis and Galotea opened the festival, done conductoriess, with just five singers and seven players. It sounded underrehearsed, lacking in character —an able account by an assemblage of proficient performers. The indlvidnat contributions of Ann Monoyios, as Galatea, and Patrick Romano, in the small role of Damon, gave mueh pleasure.

Eminent Handelians from round the world gather: among this year's crop Dean, Percy Young, and Don Burrows from England; Merrill Knapp, John Roberts (who seems well on the way to demonstrating that Handel never wrote a tune in his life but pinched them all), and the theetre historian Robert Hume from America; Walther Siegmund-Schultze from Helle. Some interesting papers were read, and the fur didn't fly. (In 1982, plans were mooted in Maryland for a new Anglo-American Handel edition, corrective to the snail-progress and to whet Grove gently calls the "varying standard of reliability" of the Handel edition trickling from Halle. With Prince Charles as patron, the link between Handel—still provider of music for coronations and royel weddings — and the House of Hanover might have been renewed. Insiead, co-operation resulted; Helle, challenged, reorganised its editorial policy and promised to pull up its socks.

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Good reports heve been coming from Milwaukee about lhe work there of the Skyllght Comic Opera. A visit to ite *Serse*, which had a run of 12 performances last month, confirmed them. Produced by Stephen Wadsworth (the librettist and Scala producer of Bernstein's *A Quiet Place*), it was at once serious, stylish, and entertaining, concelved with hieh intelligence and executed with enthusiasm. A tiny theatre, a 250-seater, was ingeniously and intimately used. It was a bil like the famous Ahingdon productions, but it carried a higher theatrical charge.

Lynnen Yakes, the Xerxes, and Wendy Hill, the Romilda, are two names to note. Miss Yekes has a wonderful stage face, speaking eyes, eloquent frowns snd smiles, and a voice that created a characterisation gleaming, varlous, and disciplined. Miss Hill sparkled, charmed, end was affecting. Everyone was good. Michael Pisanl, at the harpsichord, directed a small, alert band. Cutting was gentle. And Wadsworth had made s crisp, sensitive new English trensletion.

Fascinating Aida/Lyric Hammersmith

Antony Thorncroft

Fascinating Aida may not be long for this world if the reports of a forthcoming split in the femele threesome are well grounded, so catching them over the next few weeks at Hammersmith becomes one more necessary pre-Christmaa chore. Not that the trio is at its best on the vast staga of the Lyric before tiers of sober spectators — the hack room of a bar is their natural habitat—but there is still mnch to amuse in their songs of single ladies over 30.

Dillie Keane is tha eye-catcber. Well, she is blond, plays the piano and looks like Margaret Rutherford's granddanghter, bnt Marilyn Cutts expands to above normal stature witb her dirty "Vlenneae Love Song," taken from that modern up-date "The Merry ex-Common Law Wife," and Adèle Anderson comes into her own with her solution to every problem —"sew on another sequin."

Fascinating Aida have succeeded by good natured self deprecation: they must be the despair of feminists. They also play to the heart strings. Of their two "Songs of Frustrated Ambition," one is the very funny complaint of Peterkin, the Swiss goatherd, who has got the "Swiss Navy Blnes," while the other is the wail of defiant optimism of an unsuccessful actress, an "Ealing Broadway Baby," who could have stepped out of *Chorus Line*.

The cabaret routines, like the visit to the good old UK by the Brontë Sisters, three country singera from Texas, get a little wearing, bnt some of the songs are the wittiest and the deadliest penned here in recent ycers. For fun there is Dillie Keane'a love song to tbe Pope, "My Dream Man"; for satire there is the devastating "England O England"; and somewberc in between comes "The Herpes Tengo."

Fascinating Aida may have lost aome of their salacioua edge as they conquer suburban England hut watching them fool around wlth small triumphs and blg disasters ln outlandishly glamorous dresses is a profound melaphor on the status of the young, intelligent, wltty female in contemporary society.

Down an Alley Filled with Cats

Martin Hoyle

This Australian play with American success allegedly behind it opened at the Mermaid on the day that rumours surfaced yet again about the sale of the theatre. Chances are that vacant possession will be offered, sinca I cannot imagine the new incumbents staying longer than it takes for word of this sub-sub-*Sleuth* of the Antipodes to get around.

In an untidy antiquarian bookshop we find David de Keyser with a *mitteleuropäische* accent. The young man who hurtles in demanding a certain book on Napolcon is furious to find that he has just been pre-empted by another customer whom he is able to describo down to the red carnetion, which is later retrieved, ominously crumpled, from the waste-paper basket. For tha purposes of Warwick Moss's play, Adam Faith is Simon Matthews, a small-time crook on the verge of *something* big.

The two men are accidentally locked in. The bookshop occupies the top floor of an otherwise derelict block. The drills of the demolition men can be heard above the Bach cassettes played by Mr de Keyser who represents culture. In their enforced isolation the pair play a game of bluff, double and triple bluff. How mucb does harmless old Mr Topolski know? What grim secret does the stockroom hold? What prize can turn men'a minds and morals? Why does Mr Faith spend most of the evening in bis underpants? If this took first place in the 1983 Canberra Festival what was the competition like?

When both men are crooks, the audience is uncertain as to what value to place on the characterisation. The bookseller's excited pleas to be allowed to join Mr Faith's life of crime may be true or yet another hluff. We never know, and therefore cease to care desplte John Wood'a direction, the original American set of David Jenkins and Mr Faith'a legs. Not to mention the curiosity of seeing Mr de Keyser give a rare bad performance.

Camden Choir/Elizabeth Hall

Richard Fairman

Ambition commands respect. The Camden Choir is one of the more adventurous of the amateur London choirs with future plans including works by Maxwell Davies, Harper, Reger and a commission from Iain Hamilton. For their Elizabeth Hall concert on Wednesday night they kept true to form hy picking an unusual English programme—Finzi, Tippett and Britten—but never succeeded in translating respect into positive enthusiasm.

The main work was Britten'a *St Nicolas*. Thia is a piece that was written for non-professional forces (the première was at Lancing College) and holds few technical difficulties, but it has lts dangers nonetheless: without young performers and a bit of raw enthusiasm lts clever naivety can come across as simply patronising. Nor is its music—nursery tunes for "The birth of Nicolas" snd mawkish arpeggios for "His plety"— alwsys Britten'a best.

The Camden Choir under their conductor Julian Williamson gave it accuracy, good balance and ensemble, but not the wholehearted schoolboy enjoyment that might get the piece off the ground. The offstage voices were not offstage, but three "Pickled Boys" did make an effective spotlit entrance, dressed in angelic white. The London Bach Orchestra gave well-appointed rhythmic support and the tenor wes Ian Partridge, strained at the top and not at all clear with the text.

Tippett's Negro spirituals from *A Child of our Time* needed more panache. Despite good intentions and obvious rehearsal, "Nobody knows" wanted blte and "Go down, Moses" some real anger. This is music of many colours, but it sounded all too mnch on the grey aide. Finzi's *Lo, the Full, Finol Sacrifice* is, sadly, grey music anyway. After the strong ldeas of Tippett and Britten, this style aeems apineless in the extreme, an example of writing that is alwaya seerching for something memorable and never finding it.

Moscow Radio SO/Festival Hall

Max Loppert

The Moscow Radio Symphony, under its chief conductor, Vladimir Fedoseyev, came to the Festival Hall near the close of a 12-concert British tour. It is a truism that visiting orchestras tend to work their hardest to achieve an impressive London showing; but seldom doea success crown their efforts as conspicuously, and as enjoyably, as did on Wednesday night.

It was a demonstration of brilliant Russlan orchestral writing that had been put together for the occasion, and the Moscow players rose to it with the breadth, energy, and sheer boldness of style that one always expects from Russian orchestras (and of which one is quite often disappointed). Popular programmes of this kind are far from regrettable when given in this way.

Bright mixtures of distinct orchestral colour — neither suavely blended nor coarsely slapped on, but assorted with exactly tha right balance of freedom and control — are what characterise the Moscow orchestra's various departments. The brass instruments, in particular, have a special way of insisting on their independence nf timbre: the horns and trombones use a degree of vibrato that our own more decorous assemblies would automatically shun on grounds of taste. Yet the effect, in the opening Musorgsky/Rimsky-Korsakov *Night on the Bare Mountain*, was to confer authentic character and vitality on each section; and in the selection (not exactly the one listed in the programme) from Prokofiev's *Romeo and Juliet* that cloaed the concert, it was one of fervently impassioned inspiration.

Fedoseyev is a master of his forces. None of the performances was specially original (except, perhaps, insofar as the tempo chosen for the opening of the Knights' Dance seemed faster and less ceremonially solemn than ballet conductors normally go for); but all were informed by tha same justness of accent, the same vividness of colour, weight and sound. When Prokofiev is played without machine-tooled big-orchestra alickness, his supreme qualities as a composer for the dance become wonderfully obvious.

Between the two purely orchestral scores came the Chaikovsky B flat minor Concerto and, as its soloist, the young Chaikovsky Competition laureate Nikolay Demidenko (in place of the originally announced Andrey Gavrilov). I hsd not heard Demidenko before and found him extremely impressive: equipped to dominate the bravura passages with clean, bright-hued sonorities that never became hard or hammery, and ready (and able) to float luminous poetic reveries at all those points where the imaginiative Chaikovsky pianists will be distinguished from the merely expert.

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A new start for Gatt

GOOD NEWS about world trade and its future is hard to come by at a time of rising protectionism, increasing export subsidies and declining growth rates in export markets. The compromise reached in Geneva yesterday between the members of the General Agreement on Tariffs and Tradee, opening toe way towards a new round of talks for tiberatising trade, is one such item of good news.

The achievement of the Gatt annual meeting must not be overstated. It is an agreement on procedure, not a substance. None of the subjects that have bedevitled the Gatt for months has heen solved. But the contracting parties have signalled their wiltingness to seek compromises. It will he a hard stog, but at least it will be undertaken.

Accidents can always happen. But it would be the height of fnlly tn tet the momentum acquired at Geneva fade away in the preparatory committee set up to producc an agenda for the next ministerial round. Hints that India may drop its resistance to discussing the liberalisation of services are, thus, most welcome. But the onus nf ensuring that momentum is maintained does not lie on India and her friends in the developing world alone: the industrial powers hear at least as mucb responaibility.

Self-restraint

Living up to that aim will be complicated by the changed circumstances of the US, usually a leader of the drive for trade liberalisation. American competitiveness has been reduced hy the bigh exchaoge rate of the dollar, and nobody can be sure that the attempt of the Western world's leading economic powers to bring it down will succeed. If it does not, President Reagan's resistance to protectionism may be seriously weakened.

The agenda that is to emerge from the preparatory committee for submission to a Gatt ministerial meeting next September will largely decide what can and wbat cannot result from the trade round to follow. Previous Gatt rounds focused largely upon tariffs on manufactured goods aod took place at times of relative economic optimism. The next round will be more difficult. A host of extremely difficutt questions need to he tackled, sucb as agriculture, services, and a range of non-tariff barriers.

The eventual outcome should be a package to arrest the drift towards protectionism and near-protectionism and, to end the phalanx of trade restrictions disguised as self-restraint or orderly marketing agreements.

Developing countries have called for a standstill in this grey area and for the existing paraphernalia of neo-protectionism to he rolled back. The industrialised countries ought to concur with this in the interests of fairness, and in order to put their own industries under pressure to become more efficient. For a start, the Industrialised world could consider a timetable to phase out the multifibre agreement when it comes up for renewal in 1986.

Liberalisation

Acbleving these objectives will call for consideration of such issues as the use of subsidies in international trade and and national safeguards against destabilising surges of imports. The Gatt secrecrtariat has no powers of enforcement but should make greater use of its ability to pillory offenders who break the spirit if not the letter of the Gatt in these areas. Member states, too, ahould be readier to accept international discipline.

A resolute effort is required to grapjpte with the intellectually difficult concept of free trade in aervices. In an ldeal world services would be free; in the real world they impinge upon so many matters, such as cross-border investment and national *sovereignty itself*, for great caution to be required. There is no point in chasing what may prove to be the chimera of free trade in the tertiary sector if one thereby puts at risk what has been, and what can be achieved for trade in manufactures.

Liberalisation in farm products is another priority. Progress bere will belp to keep EEC and US protectionism under control; it will also help many poorer countries to balance their books. The time may conceivably be propitious since a realisation is spreading in the European Community that the common farm policy is *in danger of collapsing*

These issues all need addressing if the Gatt and the spirit behind it are to be relauncbed. The Geneva compromise, despite many diplomatic ambiguities, provides a feasible point of departure.

Consultation and the Channel link

WHEN Partiament debates the planned fixed Channel link next month, much of the discussion will naturally focus on the economic and political arguments for and against the project and the merits of the schemes put forward hy different consortia. A subsidiary question of some importance, however, is wbether the degree of public consultation undertaken and proposed by the Gnvernment is adequate for an infrastructure project of this magnitude.

Essex residents, It will be recatled, enjoyed the tuxury of three lengthy public inquiries spread nver several decades before they were finally obliged to accept that an expansion of Stanated airport would take place. A fixed Channel link is a project on a quite different scale with a host of environmentat and sociat implications, few of which have been property aired. Yet atl the peopte of Kent are being offered are a *few glossy brochures* from the promoters themselves, a series of short meetings with Mr David Mitchell, a junior Transport Miniater, and an as yet unspecified right to petition a Parliamentary select committee next year *once* the "hybrid" fixed-link bill is launched.

Public inquiry

The issue of consultation has nothing to do with arguments about the desirability of a fixed Channel link. It would he quite consistent to believe fervently that a fixed link was in the national Interest but simultaneously tn hold that in a mature democracy a public inquiry was an essential precursor to any form of legislation, bybrid or otherwise. Where expensive, long-term projects are concerned, it is important to strike a balance between local and national interests. It is no mere formality to allow those whose lives will be severely disrupted by the project to air their grievances and debate the issues in public *before* the final decision is made.

The right of affected parties to petition a select committee next year is no substitute for a public inquiry. It is far from clear who will be allowed to petition against a fixed link—will, for example, the workers on Dover ferries who face the *prospect of redundancy* get a hearing? In any case, the hearings will be academic: the Prime Minister plans to sign an agreement with France by the end of January. Admittedly this will not he ratified until the *fixed link bill gains Royal* Assent which is unlikely to be before 1987. But given the size of the Government's majority, the Prime Minister's decision will in effect be final.

Commitments

Several arguments against any form of inquiry are put forward by officials. The first ia that the project is bi-national: the French need a definite timetable and could not accept the uncertainty inherent in an independent assessment. The obvious answer to this is that once the UK ia ready to sign an agreement It must be abte to atick to a timetable hut that it should not sign before it is absolutely certain the project ia socialty desirable. The fact that bankers tbink they can make a return on it is no guarantee that the social benefits outweigh the social costs.

The other main argument against fuller consultation is that the commercial promoters, lacking any support from public funds, are relying on binding commitments from private inveators and lenders—commitments that will expire shortly. The delay tnvolved even in a short three or six month public assessment of economic and environmental factors by an independent inspector would kill the project. Can this be right? It would be odd indeed if those backing this very long-term project today would in a matter of a few montha suddenly lose confidence in its commercial return.

There are genuine attractions, and not just political ones, in the idea of a fixed Channel link. But the British Government has to satisfy itself both that the financial projections are sound and that the social benefits outweight the environmental and other social costs. Thia requires, not a Sizewell-type public inquiry, but a degree of consultation and public debate which at present appears not to be envisaged.

BRITISH GAS PRIVATISATION

Regulation: vital but difficult to get right

By Max Wilkinson, Resources Editor

"IF privatising gas and electricity *means you* are going to copy our system here in the US, don't do it."

That advice, from Mr Alvin Kaufman, energy adviser to the US Congresa, might surprise Mrs Thatcber. For one of the inspirations behind her programme to sell off Britain's big utilities was the spirit of free enterprise which keeps America's gas and electric fires burning.

But in the rusb to raise money for tax cuts before tha next election, some complex and far-reaching questions of bow a huge integrated monopoly like British Gas should be regulated seem to have been badly neglected.

The Government's general attitude was summed up a few months ago by one Minister who said: "Regulation? we want as little of it as possible."

Yesterday the British Gas privatisation Bill seemed to confirm that the powers of the regulator will be minimal although full details will not be available for a week or two, *when the licence conditions* for the new company are published.

The point of Mr Kaufman's warning is that it may prove much more difficult than expected for the regulators to get a firm grip on the industry, without at least some of the tangle of detail which enmesbes the 4,500 gas and electric utilitiea in the US.

For, although the US system haa become hureaucratic and overgrown, it is deeply rooted in a belief that any private monopoly controlling a vital service must be rigorously and openly controlled, not only on price-setting hut on other aspects of its performance.

As it happens, the Federal Energy Regulatory Commission, (FERC) which overseas transactions between states, has in recent years been trying to loosen the grip of regulation, by eocouraging more competition *and trying* to bring prices closer to marginal costs—aa would theoretically *happen in* a free market. This process had its roots in the political desire to raise oil and gas prices in order to encourage conservation.

Every detail of the accounts of US utilities is open to public scrutiny

But the paradox now confronting US regulators is that efforts to encourage competition at the borders of a monopoly's territory may require tougber and even more complex regulation.

This is most obvious in relation to the commission's unsuccessful efforts this summer to force gas pipeline companies to open their network to competitors. Though the parallels are loose, this is similar to the efforts which the Government is now promising to open up British Gas's pipeline network for use by other buyers and sellers of gas.

The US pipeline companies supply gas to a large number of companies and small utilities and they buy their supplies from the oil and gas prodncers. The idea was to create a genuine market in which thousands of companies and utilities could buy gas direct from producers if they wished and then contract with pipeline companies for its transmission.

But even in the US, with large numbers of sometimes competing pipelines, and a deregulated market for new gas *supplies (at the well-head)*, the scbeme has run into major difficulties, partly because of the complication of regulating the price for carriage. This requires the most detailed analysis of cost structures and even then there is much dispute as to how a fair price should be struck.

Even with these enhanced competitive pressures, however, US private gas and electricity utilities are controlled with a rigour which would make British nationalised industry chairmen splutter with rage.

Every detail of their accounts la open to public scrutiny. Every purchase and every investment can be questioned. Approval of a price (or "rate") rise can take up to 11 months of continnous argument before an administrative court.

As a result, a regiment of lawyers, supported by stage armies of lobbyists, politicians and assorted protestors, are joined in more or less continuous battle throughout the US. In some cases, like that now being waged against the Long Island Lighting Company in New York, the decision could mean bankruptcy or, at the least, severe financial penalties.

In New York, the Public Service Commission's 500 staff are in almost daily contact with the utilities, monitoring every aspect of their business from fuel contracts to customer complaints and even tapping directly into their computers. At Consolidated Edison, the local electric company, a dozen lawyers are kept busy by the regulators. "If the commission wants to check all the paper clips in my department it can do so. A rate case is really a plenary inquiry into every aspect of the company's business," says Ms Joy Tannian, the companys lawyer vice president.

More generally, there is concern throughout the US that the blas of regulation is forcing utilities to sacrifice the wider interests of the consumer, by choosing investments with short pay-back terms and local rather than regional benefits.

Althougb there are obvious ways in which US procedure could be improved, there seems to be a strong consensus that monopolies providing essential services, need to be matched by vigorous, detailed and open regulation. It may be that a baroque edifice of litigation is the price for this. In Britain the tortuous two-year inquiry into the proposed Sizewell nuclear power station posed a similar qnestion: It was far too long, but could that be a valid reason for not holding It?

As Mr Wesley Loog, the Washington DC State Commissioner says: "There will always be a conflict between a private utility's profit motive and the boarder public interest. So if you are going to have regulation it has got to be aggressive, otherwise the utilities will aways *stall* . . ."

The British Government, focusing mainly on the legal prizefigbting, seems to bave drawn a very different lesson, preferring a "light hand on the tiller," with regulators operating at arms length, using a simple inflation minus X price formola and meeting, in typically British fashion, behind closed doors.

But can such an approach prevent a company as big as British Gas from veerlog towards monopoly profits at the expense of its customers?

Dr Irwin M. Stelzer, probably the US's foremost expert on utility regulation, managing director of the New York arm of Rothschitds, and an advisor to the British Government on the British Gas flotation, has strong doubts.

In bis suite looking down over the *tiny skaters* in *Manhattan's* Rockefeller Plaza he says: "The interesting thing to me about the British approach to privatisation is that no one thought through the regulatory consequences."

He belives that the British bave failed to distinguish between the legal label and the much more fundamental economic and social issues behind them.

So what are the lessons which Mr Peter Walker, the Energy Secretary, and his colteagues might yet laarn from the US?

The most important surely must be to ensure that reglators are given a wide enoogh brief: to protect the consumer *from* arrogant service or monopoly pricing; to stop it unfairly pricing rivals out of its territory; to prevent it from becoming fot and laxy; and to ensure that its pricing and investments make the best use of national resources.

If this ls accepted regulators will need more information about British Gas's books than would be given to the Treasury now.

The political storm centre is incvitably the fixing of prices. But because of the overriding need to make the British Gas flotation a success tbe indications are that the complex practical and economic issues involved will be fudged.

The method of setting overall tariff increases throughout the US is fundamentally different from that which is being proposed in Britain. For British Gas the formnla for annual price increases will be inflation minus X plus Y, wbere X is an arbitrary number intended to squeeze more efficiency from the corporation and Y is an allowance for increasing costs as North Sea gas supplies become tighter.

The basic idea behind the British formula is to set an overall price regime, then to leave the corporation to try to make profits by operating efficiently within this framework.

In the US, by contrast, regulators set overall tariffs at a level which is designed to give the utility a market-related return as a percentage of its asset base (currently around 12 per cent).

The regulated price is supposed to force the utility to be efficient to earn its allowed return, but in most cases *rises* in fuel and labour costs can be passed on to the consumer. Most of the argument, therefore, is about what should ba allowed as capital assets into the new "rate base."

This is the point at which regulators — and lobbyists — can catch an inefficient or unfortunate company by the jugular, by interrogation under an arc light of publicity as to whether its investments and operating expenses were prudently incurred.

Dr Stelzer believes the fundamental flaw in this British formula is that the rise in consumer prices has little relation to a utility's costs and the X factor is a number picked out of the air. "If it doesn't allow adequate profits to be made, then you will know because the company will be unable to raise capital, but if profits are good after a few years, how will you know whether they are monopoly profits or the result of efficiency?"

To answer that qnestion, he believes British regulators will need to make the same detailed kind of appraisal as is done in the US, though perhaps with shorter deadlines and less convoluted procedures.

But can this be done adequately in private? Mr Stelzer believes there are dangers. He says: "The British fear of an excessively protracted, detailed regulatory process is leading them to a system in which the customer is essentially without recourse."

The ability of US customer's to appeal directly to their state commission may sound cumbersome, but it is widely accepted as just. Ms Anne Mead, commissioner for New York, says: "Yes we do have to listen to a lot of pressure groups. Some of them are highly sophisticated with computer studies to hark their case; but the more views you listen to, the better judgment you make."

The other major issue in relation to pricing policy is whether the traditional return on capital formula should be replaced by more sophisticated economic concepts based on long run marginal costs.

This would lead to the most efficient allocation of national and company resources, but is difficult. The Washington DC commission which pioneered this approach uses a computer model of the utility's operationa; consumer groups have established competing models.

Moreover, economic pricing tends to favour the large industrial consumer, because it reflects economics of scale. This runs directly against the political instinct to give cheap gas to the voters.

A marginal cost-pricing regime would be embarrassing for British Gas because its average price is now well below the marginal cost of gas from new fields. The Government will be anxious to avoid accusations that privatisation led to huge price increases for the benefit of capitalists, so it is likely to sweep the whole issue under the carpet if it can.

If pricing is not to simulate the effects of a competitive market, the case for encouraging genuine competition Is all the stronger.

'British fears are leading to a system where customers have no recourse'

In Britain, however, market influences are likely to be minimal. All options for splitting British Gas up were abandoned in the face of opposition from its chairman, Sir Denis Rooke and It is still doubtful whether free exports and imports will be allowed in the North Sea.

The Government is intending to strengthen the 1983 Gas Act which obliges British Gas to act as a carrier between a North Sea producer and a mainland customer.

But this will remain mere window dressing so long as British Gas holds Its prices well below Its marginal costs. While it does so competition will be frozen out, even if the new licence provides for rigorously fair tariffs for the use of the pipelines.

Now In the run up to its sale of the century, the British Goverment Is inevitably calculating the benefits to potential shareholders. But after it has counted in the money, there will he another reckoning—with the consumer as judge.

A loog read: the evidence for a single electricity rate increase in the case between Consolidated Edison and New York's Public Service Commission.

Men and Matters

Distillers goes for Broackes

Sir Nigel Broackes once said that horedom was the great bogey of his life—but he should find little excitement as a non-executive director on the traditionally clannish board of Distillers, the giant whisky group, which faces the threat of a £1.5bn hostile takeover hid from the foods group, Argyll.

Broackes, chairman of Trafalgar Hnuse, chooses his outside business interests with care. Though he is chairman of Euroroute, one of the prinicapl contenders to hultd a cross-Channel link, he has beld only one previous non-executive directorship tn more than 30 years of business life—at Trusthouse Forte in the tate 1960s.

John Connel, DCL'a chairman, first approached Broackes a fortnight ago He accepted immediately. "My management experience has been limited to Trafalgar. I though it would be interesting to aee what it would be like inside another hig company," be says.

Twenty years ago, DCL and Trafalgar were neighbours in London St James's Square. Broackes remembers one of Trafalgar'a subsidiaries, Trollope & Colls, restoring the two hulldings.

Today, DCL needs Broackes again. A master tactician in bid battles—notably in the fights for Cunard Cementation and less successfutty, for P & O—Broackes could serve both as a back-room thinker and a possible front man dealing with the media, never DCL's greatest strength.

Broackes, 51, becomes DCL's third non-executive director, joining former Chief Scout, Lord Mactean, 69, 27th Chief of Clan Maclean; and Sir Wiltiam Pile, 65, former chairman of the *Inland* Revenue.

The vacancy on the DCL hoard was created when William Spengter, 57, a fnrmer vice-chairman of Owens-Illinois, the US packaging and glassware group, moved up tn become deputy chairmao and deputy chief executive following the Argyll bid rumours.

"I coudn't get any Laura Ashley shares—but I did find some dresses, new wallpaper for the bedrooms. . ."

Spray jobs

That weapon of graffiti the spray can has heen legitimised by a West German firm.

Helmut Steigerwald, an executive with the Munich computer consultancy, Bit, was thoroughly fed-up with conventional office decor.

He managed to convince his fellow managers that £540 would be a small price to pay for a visit from a local spray-can team of four graffiti artists—all in the tender age range, 14 to 18.

Nemo, Toy, Skip and Rap went to work with great enthusiasm and £270-worth of spray-on paint.

Steigerwald is said to be very happy with his new office decor—although some of the company's customers have reacled against the experiment.

Now the Munich movement is seeking new outlets, pointing out that names and addresses are a strong feature of graffiti—something to please corporate image makers.

Bob's last laugh

So, "Black" Bob Scholey has the last laugb on the buresucrats.

Appointed chief executive of British Steel as long ago as 1973, he then had to stand awkwardly by as, one after the other, Sir Charles Villiers, Ian MacGregor and Sir Robert Haslam came in over him to fill the chair.

The word was that certain senior Whitehall officials did not approve of his rough, Yorkshire style. But he has finally won through, and without sacrificing any of his saltioess. Reminded yesterday about previous humiliations, he roared: "My hide is so bloody thick you have not got anything that will touch it."

Scholey acquired his thick hide early in life, having decided to leave King Edward VII School in Sheffield prematurely to go to work. He later returned via night schools to Sheffield University to pick up an engineering degree. He joined Steel, Peech and Tozer in Rotherham in 1974; it later became part of United Steel Companies, among those nationalised in 1967. As part of what is known as the Sheffield mafia in BSC, be rose quickly, becoming managing director of the strip mills division in 1972 and *then* chief executive the *following* year.

His relations with successive governments have never been strong, but they seem to have improved recently. "During the last tew years, we have enjoyed the best period of government relations in my experience and it is very important that that be maintained," he said yesterday.

Would he follow his predecessors and become chairman of the National Coal Board when his BSC term ended? "I am a slave to duty." But then he added, "The cobbler should stick to his last."

He also acknowledged that one of bia weaknesses was for throwaway lines.

Scholey's early experience with one of the leading steel companies before nationalisation, aod his recent track record in arranging the two Phoenix joint schemes with the private sector of steel making, will not have gone unnoticed by Mrs Thatcher.

One of bis briefs will be to ready the industry for privatisation.

After-thought

Sir Terence Conran was amused—the day after he pulled off his agreed £1.5bn merger with British Home Stores, a letter dropped on his desk inviting him to subscribe to a special report on mergers and acquisitions in the retail field.

"As a major UK retailer, you will be wett aware nf the dramatic changes in ownership which have taken place," it said.

"Perhaps you have been closely involved in mergers and acquisitions activity yourself. On the other hand, you may have preferred to watch the nthers battle it nut.

"Either way it Is important that you keep ahreast nf events."

Conran, I bave to admit, was this time one step ahead of the FT's own marketing department, extolling the virtues of the monthly FT Mergers and Acquisitions.

Caring line

A new fringe benefit on the London underground service.

As a train left Temple station yesterday the driver courteously introduced himself on the loudspeaker system and said: "If you are getting off at any of the next few stations do have your umbrellas ready . . . it's starting to snow."

Observer

The protagonists (from left): Garret FitzGerald, Ian Paisley, Enoch Powell, John Hume, Gerry Adams and Margaret Thatcher

POLITICS TODAY

Mr Paisley withdraws the troops to fight again

By Malcolm Rutherford

"In hell with the future
And long live the past
May God in his mercy
Look down on Belfast."

SO Mr John Hume, the Social and Democratic Labour Party MP for Foyle, quoting an anonymous versifier, in the spell-binding two-day debate on Northern Ireland in the House of Commons this week.

It is too early to draw conclusions. Here, however, are some thoughts on where we are now and on what might happen next.

There are really five parties involved in the future of the province: the British Government, the various unionist parties in the north — coming together in what Mr Ian Paisley called "the unionist family," the constitutional nationalists led by Mr Hume and the SDLP, and the Provisional IRA.

Mrs Margaret Thatcher's administration won more than sufficient cross-party support not only to make the Anglo-Irish agreement worth pursuing, but to confirm it as a policy imperative.

True, the majority was "only" 426 out of a House of Commons of 650 Members. There were 47 MPs who voted against. It was less than the 500 or so that some of the Unionists had expected. Yet it is still an enormously high figure by any standards. Mrs Thatcher was accepted across the House, perhaps for the only time apart from the Falklands war, as a national figure trying to do the right thing for the country.

The agreement was backed by Labour, Liberals and Social Democrats. For Labour, Mr Neil Kinnock made an excellent speech spoiled only by going on too long and dwelling too much on the deprivations of the province. Northern Ireland as a whole is not nearly as poor as he claims it is. He should go there more often, as should a great many more British MPs.

Still, it will be difficult for the Labour front-bench, now having sided with the agreement, to back off from the basic principle of seeking reconciliation in the north before there can be any chance of Irish unification.

The SDP-Liberal Alliance gave its expected support. Dr David Owen, the SDP leader, came down with Mr Roy Mason, the former Labour Defence and Northern Ireland Secretary, in saying that the real test of the agreement would be how far it led to enhanced security. Both of them did so in strikingly vigorous terms, calling for hot pursuit of terrorists across the border with full Irish co-operation.

Apart from Mr Mason, other previous Northern Ireland Secretaries backed Mrs Thatcher to the hilt, including Mr James Prior, never one of her closest confidants, but a man who has some claim to having put the Anglo-Irish agreement in train. So did Mr Edward Heath, the former Tory Prime Minister who was responsible for the Sunningdale agreement in 1973.

Mr Heath had only one hint of a criticism in observing that the Sunningdale negotiations had included the parties in Northern Ireland, though he admitted that there had been no chance of that this time. It is a point worth noting because some of the Unionists are saying that Sunningdale was better than the present agreement.

There were a few asinine Tories, notably Mr Patrick Nicholls, the MP for Teignbridge, who intervened during Mr Hume's speech to say: "The hon. Gentleman is complaining because his party cannot win elections," as if he had never heard of discrimination against Catholics. By and large, however, the Tory right is a fairly small rump.

The Irish Government could play no part in the debate, although the Republic's Ambassador sat in the gallery almost throughout the proceedings. He should take two messages back to Dublin.

The first is that the Irish Parliament should get on as fast as possible with ratifying the European convention on the suppression of terrorism, as it is pledged to do under the terms of the Anglo-Irish agreement. It means that no offence involving firearms or explosives can be regarded as political and therefore exempt from a plea for extradition.

The second is that it would help greatly if the Parliament were to repeal Article 2 of the Irish constitution. It reads: "The national territory consists of the whole island of Ireland, its islands and the territorial seas."

Both measures would facilitate confidence in the agreement, perhaps ultimately even in the north. The sooner the better, should be the Ambassador's advice.

The unionist parties have certainly delivered a shock to the British Parliamentary system by the determination of their resistance, and seem also to have learned a thing or two themselves in the past week or so. The huge rally which I witnessed outside Belfast City Hall last Saturday was notable for being extraordinarily peaceful. The mood of the crowd appeared thoughtful rather than immediately rebellious.

Again, the unionists seem to have taken to heart British criticisms that all they do is rant and rave. The behaviour of Unionist MPs in this week's debate was quite different from their reactions to Mrs Thatcher's statement on Monday of last week. Mr Paisley's speech was a masterpiece: *full* of light and shade, humour, occasional self-deprecation as well as boasting. In a word, he acted with dignity.

Their general tactics appear to have been refined, too. It was not industrial action that Mr Paisley was threatening, as after Sunningdale, but passive resistance. There will be no unilateral declaration of independence, he said.

To be sure, he sounds a bit like Mr Ian Smith in the days when Zimbabwe was still Rhodesia: memories of how Ulstermen had fought in two world wars only to be betrayed now. One cannot be absolutely certain what sort of a chord that will strike in Britain in the next few months. But it was astute to renounce UDI.

The best case for the by-elections the unionists have insisted upon calling is that they will give people time to think. For the weakness of the unionist position, as speaker after speaker pointed out in the debate, is that they have advanced no constructive alternative to the Anglo-Irish agreement. If they can come up with something before they return to Westminster, presumably in February, it might be possible to start talking. Indeed they have only to revert to some of their own earlier ideas, published around the time of the report of the New Ireland Forum last year, to show that their aim is not entirely to retreat into a bunker.

Mr Enoch Powell, the Official Unionist MP for Down South whose life-time ambition was to be leader of the Tory Party, deserves a paragraph or two on his own. Plainly he was against the approach of forcing the by-elections. He did not even attend the Belfast rally on Saturday where the rest of the Unionist MPs pledged themselves to resign their seats. He is now a lonely figure and some of the Unionists say that they would be glad to be rid of a man whom Mr Paisley once called the "Wolverhampton Wanderer."

Yet it was sad to see him go down that way. His speech could have been—many people expected it to be—the climax of the debate. Instead he asserted categorically that the agreement had only come about because of direct American pressure on the British Government and ended with some fourth-form debating society rhetoric about "for whom the bell tolls." Apparently, it will toll for Mrs Thatcher. There should be at least one toll for Mr Powell.

Mr Hume and the SDLP could be also in a pretty lonely position. One telling charge can be made against them. If they had agreed to take up their places in the Northern Ireland Assembly, the Anglo-Irish agreement might never have come about in its present form.

Nothing should detract, however, from the seriousness of Mr Hume's speech. There was a problem, he said, in Northern Ireland of a deeply divided society where people killed for sectarian reasons. It was not of a kind which should exist towards the end of the 20th century. All parties, including his own, should look back on their past attitudes which had brought them where they are today. The trouble with the Unionists, as quoted in the opening verse, was that they tended to live in the past, suspicious of the minority community, London, Dublin and the rest of the world.

Mr Hume's problem is what to do, if the majority community fails to respond.

There remains the Provisional IRA on whose next moves it is possible only to speculate. Certainly there is no obvious logic in Mr Paisley's assertion that there will be an early upsurge of violence, including perhaps an attack on his own life. The more likely tactics of the Provisionals would be to lie relatively low and see what happens, apart from giving an occasional vicious reminder of their existence.

The main purpose of the agreement is to reduce terrorism. Mr Paisley and his colleagues seem not to believe that. It is therefore all the more important for it to be demonstrated quickly that the campaign against violence is succeeding.

A few final points. Mrs Thatcher may need a rather stronger team at the Northern Ireland Office in the trying months ahead. Neither Mr Tom King, the Secretary of State, nor Dr Rhodes Boyson, his minister of state, excelled themselves at the despatch box. Dr Boyson looked as if he had just stepped out of Toy Town. Mr Nicholas Scott, who has now been at the NIO for four years, did much better.

The English, as Mr Heath in particular pointed out, do not understand the Irish. It is just possible that the unionist reaction to the agreement is not a dead end. But that is a hope, not a prediction. The alternative is continued direct rule.

As a postscript, it is ironic that such a compelling debate should have taken place only one week after the House of Commons voted against the televising of its proceedings. Anyone who watched it would have learned something.

Lombard

Fund managers: not so myopic

By Clive Wolman

IT SOUNDED like a Labour party attack on the City. But it was made by Mr David Walker, an executive director of the Bank of England responsible for the securities market.

Speaking to a seminar in Glasgow last month, he claimed that institutional investors suffer from "unduly myopic views" and force company managers to concentrate on short-term performance instead of developing long-term strategies. He proposed that investors restructure their portfolios—and hinted at government intervention.

If Mr Walker is correct, the stock market investors had better sit up. For they are being accused of failure in their raison d'etre of allocating capital to British industry. And if his argument was accepted by company managers, it could become self-fulfilling.

But is Mr Walker correct? Several times in his speech, he referred to the increasingly rapid buying and selling of UK equities by investors without making clear whether this trend was supposed to be evidence of investor myopia, the cause of it, or the effect.

The rapid turnover of shares shows merely that investors are reacting more swiftly to short-term price anomalies and to the publication of new information about a company, for example its results, the effect of currency movements or the changing demand for its products.

Suppose a fast-moving fund manager buys Beecham shares on November 7 considering them cheap at 325p, sells them on November 11 as soon as the company announces the dismissal of its chairman and, when they fall to 283p on November 18, buys them back again believing they are now under-valued. His dealing is helping to relate Beecham's share price more, and not less, closely to its long-term profits potential.

It is possible that such high turnover does not benefit the fund manager's clients because of the high dealing costs. A survey currently being undertaken by WM Computer Services suggests only that excessively high — and excessively low — turnover is correlated with below-average investment performance. In a broad middle range, it makes no difference. In any case, this has nothing to do with the distortion of share prices.

The more one looks in detail at the rating of individual sectors and companies, the more untenable Mr Walker's argument becomes. Take just two current examples of how the market looks into the longer term, overriding the short-term figures:

- Shares in growth companies and even in entire sectors such as stores and food retailing are priced at 20 or 30 times their current year's earnings after tax. Property companies with growth potential such as London and Edinburgh, and Speyhawk, are rated at premiums of over 200 per cent to their net asset value.
- Since the last quarter of 1982, composite insurance company shares have risen steadily and with relatively few shocks by nearly 200 per cent (and by over 25 per cent relative to the FT-A All Share Index). Yet the insurance underwriting cycle bottomed out only in late 1984 and the sector has returned to profitability only in recent months.

Two decades of statistical analyses of UK and US stock market ratings and results demonstrate that investors price companies at fairly close to the text-book ideal, namely the discounted present value of their projected earnings over the long term.

If shares were valued in the way Mr Walker suggests, fund managers could achieve abnormally high returns by buying a portfolio of shares which were undervalued because the market had failed to appreciate the company's R and D or other long-term plans. Not all such shares would yield those extra returns in time for the fund managers' next annual or quarterly performance review, although, by the law of averages, some would. Others would follow the year after. And any fund management house wanting to keep its clients has to look beyond a single year.

Long-term performance surveys of fund managers (including both high and low turnover portfolios) show that the best achieve returns from UK equities only slightly above the average. Even they find it difficult to identify pricing inefficiencies of the sort Mr Walker claims exist.

Letters to the Editor

Flexi-quotas for EEC grain

From the Deputy President, National Farmers Union

Sir,—We have read with interest your leading article of November 21 and the correspondence which it has prompted.

We accept that the European Community is faced with too large an acreage of cereal production, increasing stocks and a potentially heavy budgetary cost. To achieve a better all-round balance will require some very far-reaching political decisions. The EEC remains the world's largest food importer, and while we would like to see a better balance in the cereals market, we would also like to see increased self-sufficiency in deficit crops.

The short-term situation should not be managed by massive price reductions which will cut cereal output by putting land out of production. If that happens it will have very severe effects upon the farming industry — not only on cereal growers. It would also transfer a larger part of the problem from one commodity to another with widespread social repercussions.

Equally, we cannot afford to freeze production and to introduce all the flexibilities which are associated with traditional types of quota linked to the land. The problems of this approach have been well highlighted in your columns.

We need a policy to encourage alternative crops and alternative outlets for grain, coupled with a system which would prevent unwanted grain being planted. This we have called "flexi-quota."

The essential features of the flexi-quota system are that wheat (which is at the core of the problem) should only be grown under licence. Each year the system operated, a farmer would determine the area he would like to devote to wheat and apply to bring this acreage within the flexi-quota scheme. His application would be a commitment to the scheme. The European Community would then decide what proportion of the submitted area it wished to see planted and all applicants would be required to plant that proportion of their submitted acreage and to keep the remainder fallow.

Certainly the scheme would have to be adequately policed, but any system of control is bound to be complicated. The Commission's idea for a co-responsibility levy itself poses immense administrative problems and will give very little benefit.

"Flexi-quotas" would also require establishing a differential between wheat and feed grain prices that would at least reflect wheat's higher nutritive value. But we are not proposing a direct payment for set-aside.

Given that there is substantial surplus in some sectors of agriculture, we are proposing a flexible policy of containment so that we can develop alternative policies with a sound financial, environmental and social base. That requires evolution at a pace which agriculture and the countryside can adapt to positively: not one that will wreck them.

The NFU's policy is designed to manage change, not to prevent it.

Simon Gourlay.
Agriculture House,
Knightsbridge, SW1.

High costs of justice

From Mr W. Cattermole

Sir,—It was a great delight to read your leading article (November 21) on the subject of the high costs of civil justice.

There is no earthly reason why one should have to instruct one's solicitor to brief a QC in a very knotty case, particularly when that QC has to be assisted by junior counsel who quite often brings a more junior counsel along with him/her. The alternative is as per other legal systems to have a really efficient attorney who conducts his own investigations and who really knows the case inside out.

This does, of course, reflect upon solicitors in the very first place because they are so prone to engaging the services of a private detective who possibly is, and indeed usually is, a retired policeman. This might sound a good idea except that they are very prejudiced against anybody in the alleged criminal classes or one who is being possibly falsely accused of being in the criminal classes.

This is not said with fanatical prejudice against the legal profession or the police. Solicitors are naturally intent upon pushing papers to counsel as soon as possible and the police want a conviction; this means that even when a policeman has retired, he will have this thought in mind.

What is so frustrating is that one hears a lot of cant in Parliament about modifying the legal system, that it is scarcely likely to happen in this Parliament when we have a barrister as Prime Minister and hundreds, it would seem, of lawyers one way or another, as Members of Parliament.

Walter D. Cattermole.
54 High Street,
Shoreham-by-Sea,
West Sussex.

Pension fund surplus

From Mr G. Morrison

Sir,—I refer to the two articles on November 25 concerning the analysis undertaken by the London Business School which indicates that there is a substantial surplus of assets over liabilities under pension schemes in operation in the UK. The article suggests that the surplus could be used to boost tax revenue to the Government over the next decade, but this to me would be a negative (and wasteful?) way of using it.

Surely it is better that the surplus be used in a more positive way, and if pensions are regarded as truly deferred pay, then it is scheme members, past and present, who should benefit from any surplus rather than the employers or Government.

Any surplus should be used: to improve benefits for existing members up to the current Revenue maxima; to regularly increase the benefits payable to existing pensioners; for full transferability of benefit for early leavers; and as a contribution holiday for employees and then employers.

Taking up the point made in Lex, then not only should there be no more arguments that schemes are unable to afford full transferability of pension, but also there should be no more argument about employers being able to afford the very real benefits of a final salary scheme as against the lesser benefits of a money purchase arrangement.

Gordon Morrison.
2 Cherry Orchard,
Hollybush Hill,
Stoke Poges, Bucks.

US quota on EEC steelwork

From the Directors,
British Constructional Steelwork Association and
Major Structural Exporters

Sir,—We note from the report (November 27) entitled "Britain holds up endorsement of trade pact" that this was due to concern over US threats to impose ceilings on EEC exports of semi-finished products.

The British structural steel fabrication industry is also extremely concerned over the proposal to impose a quota of 18,000 tonnes on the export of fabricated structural steelwork from the EEC to the USA. This compares with a quota of 100,000 tonnes agreed by the US with Japan and 80,000 tonnes with Korea. Until now there has been no quota, and the figure suggested when shared between EEC members would effectively prohibit all exports of fabricated steelwork to the USA, as any worthwhile project would exceed the national tonnage allocation. It is considered that fully fabricated steel structures should be outside the scope of the arrangement, or if included should have a realistic quota of at least 100,000 tonnes.

The industry has been pressing the Government to take an equally firm stand on this issue involving the private sector represented by the structural steel fabricators as it is doing on behalf of the nationalised British Steel Corporation which is the principal supplier of semi-finished products.

Dr D. Tordoff,
M. H. Briggs.
c/o 35 Old Queen Street, SW1.

Proponents of staghunting

From the Information Officer, British Field Sports Society

Sir,—Your article on staghunting (November 16) may not have covered the cruelty aspect to Mr Rowley's satisfaction (November 23) but surely this was not your purpose.

Everyone assumes that opponents of staghunting base their case on their view that it involves unnecessary suffering. Your article likewise began with this assumption but gave an unusually frank investigation of the less obvious aspects of the sport: the alternative forms of deer control, the employment and turnover which staghunting brings to the West Country, its role in the society of rural Exmoor and so on.

The arguments in favour of hunting are many and complex. Their complexity is one of the drawbacks faced by those who strive to make the pro-hunting case. Opponents, on the other hand, have a three-word message, "hunting is cruel." A message easily supported by the emotive evidence of the camera which, as we all know, can lie very effectively indeed in the hands of skilled propagandists.

What came through your article very clearly was that even if staghunting was generally frowned on (which is by no means clearly the case) there would be very serious consequences, social, economic and not least for the welfare of the deer themselves, were it stopped tomorrow.

Charles Nodder.
59, Kennington Road, SE1.

FINANCIAL TIMES

Friday November 29 1985

WAY CLEARED FOR LARGEST FLOTATION IN HISTORY OF WORLD STOCK MARKETS

UK leaves gas issues unresolved

BY MAX WILKINSON AND DOMINIC LAWSON IN LONDON

THE UK Government yesterday cleared the way for the largest flotation in the history of the world's stock markets by publishing its bill for selling off British Gas.

It became clear, however that major questions about the competitive environment within the gas industry are still unresolved.

The most important of these is whether the Government will lift restrictions on foreign trade in North Sea gas. This would create a closer link between world market prices and the cost of British Gas's supplies. However, it would mean that the Government would have much less influence over the speed at which North Sea reserves are used up.

The other major uncertainty is the precise terms which will govern any contracts between an independent gas producer and British Gas for the use of its pipelines.

Mr Peter Walker, Energy Secretary, has said that be wants to strengthen the Oil and Gas (Enterprise) Act which said that the pipelines must be made nvailahle to competitors.

However, the details of these new measures – and most of the terms for the regulation of the industry – will not be made known until the licence for British Gas is published in a few weeks.

Mr Walker said yesterday: "The interference by politicians and by Whitehall will be ended and the management of British Gas will be free to apply all of its talents and abilities to improving the nation's energy market."

It is expected that the corporation will be sold off next autumn for as much as £10bn ($14.7bn).

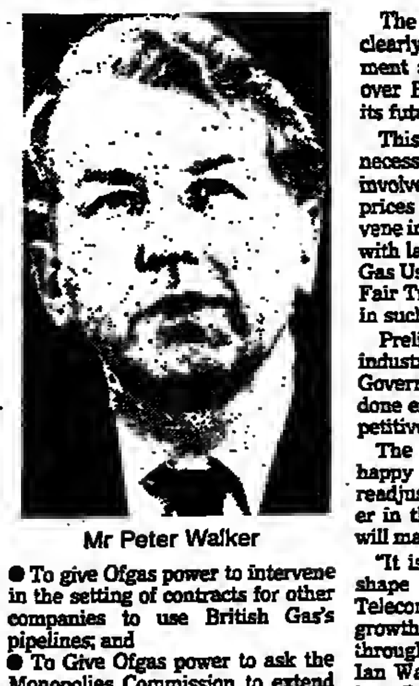
The main measures set out in yesterday's bill were:

● Creation of a new Office of Gas Supply (Ofgas) to regulate the industry and to set maximum prices for domestic consumers;

● Establishment of a Gas User's Council to deal with customers' complaints and to replace the existing consumer's body;

● Transfer of most of British Gas's present duties for supply and safety to the new private company;

● The granting of a monopoly for supplying domestic consumers to the licenced utility, which will be British Gas;



Mr Peter Walker

● To give Ofgas power to intervene in the setting of contracts for other companies to use British Gas's pipelines; and

● To Give Ofgas power to ask the Monopolies Commission to extend or change the licence for British Gas.

The last of these provisions is clearly intended by the Government as a sword to be suspended over British Gas's head to ensure its future good behaviour.

This may also have been thought necessary because Ofgas will not be involved in setting North Sea gas prices and is only expected to intervene in cases of dispute in contracts with large industrial gas users. The Gas Users' Council and the Office of Fair Trading could also be involved in such disputes.

Preliminary reaction from the oil industry yesterday was that the Government nppeared not to have done enough to create a more competitive gas market.

The City of London appeared happy that without a significant readjustment of British Gas's power in the gas market the company will make an attractive investment.

"It is not n growth stock in any shape or form but, like British Telecom, it will get decent earnings growth for quite a long time, through cost reductions," said Mr Ian Watts, oil analyst at stockbrokers De Zoete and Bevan.

The US experience, Page 12

UK cities get EEC regional grants

By Quentin Peel in Brussels

LIVERPOOL and Birmingham, two of the British cities hardest hit by inner city hlight and urban unrest, are to benefit from large grants from the EEC's Regional Development Fund.

A total of £153m ($225.5m) has been awarded to the first three integrated regional programmes in the Community to be approved by the European Commission: in Merseyside, north-west England; Glasgow in Scotland; and Shildon, County Durham, north England.

The programmes mark a significant departure for the EEC regional fund, which has hitherto been devoted to individual projects rather than broad programmes which include a variety of different schemes. Only the cities of Belfast and Naples have previously benefited from such an approach on an experimental basis.

In addition to the British programmes, French schemes in the Pas de Calais, Lorraine, the Auvergne and Limousin will receive finance from Brussels – but they are only considered as "elements of regional programmes" yet to be finalised.

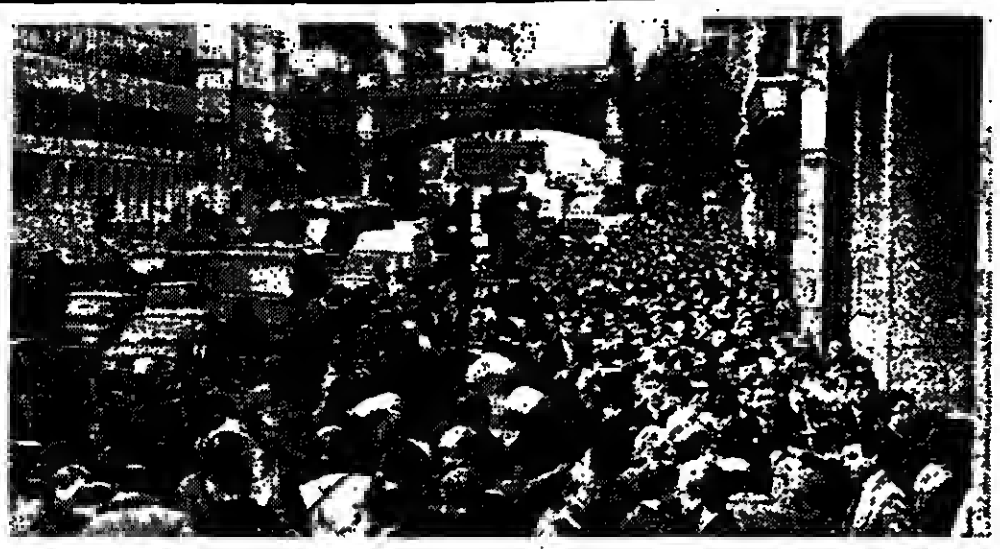
Birmingham will receive £13m towards the cost of the first phase of its planned convention centre, Mr Grigoris Varfis, the European Commissioner responsible for regional affairs, announced yesterday.

The Birmingham grant was made as a special exception to the normal regional fund rules (which exclude convention centres from the list of eligible projects) because of the hreadth of political support and enthusiasm for the scheme, officials said in Brussels.

Merseyside, the Liverpool region, will receive £66.7m for its Mersey basin programme, designed to clean up pollution of the estuary and stimulate economic regeneration of the area. The grant amounts to 50 per cent of the eligible expenditure.

A grant of £68.2m is heing made to Glasgow for a comprehensive programme to improve the city's outworn roads, public transport, water system and sewerage. It is also aimed at boosting the tourist potential of the city.

The third programme is for the unemployment hlackspot of Shildon, Bishop Auckland and Newton Aycliffe in County Durham, devastated by the closure last year of the British Rail Engineering wagon works, the largest employer. The plan will receive £18.1m for the period to 1989.



Trevor Humphries

LAURA ASHLEY 'MAY BE 40 TIMES OVERSUBSCRIBED'

Thousands of would-be investors thronged London pavements yesterday in a last-minute rush for shares in Laura Ashley, the fashion and design group being floated on the London Stock Exchange, writes Richard Tomkins.

By the end of the day it seemed likely that the offer for sale had been oversubscribed up to 40 times. About 400,000 applications are thought to have been received for shares worth a total of £2.5bn (more than $3.6bn).

One applicant alone is believed to have asked for £54m worth of the £62.8m issue.

There was speculation in the market that the shares could open at a premium of at least 45p above the offer price of 135p when dealings begin next Thursday. One licensed dealer making an unofficial market in the shares yesterday reported substantial two-way turnover at 199p to 204p.

Queues began forming outside Barclays Bank's new issues department in Farringdon Street at 7.45 am and stretched about 100 yards for much of the morning. The original deadline of 10 am was extended to allow all those who had joined the queue before that time to submit their applications. Kleinwort Benson, the merchant bank handling the flotation, said: "We would have had a riot on our hands if we'd tried to keep them out."

The atmosphere was generally good-humoured but there were ugly scenes at times as Kleinwort ruthlessly enforced its ban on multiple applications. Anyone submitting more than one completed form had applications scrutinised on the spot. Obvious multiple applications were thrown instantly on to a reject pile.

Tussles broke out as Kleinwort staff attempted to seize forms from people who were clearly hoping to hand in one form at a time before rejoining the back of the queue.

US wants banks to support Baker plan by December 15

BY JONATHAN CARR IN DÜSSELDORF

THE US is seeking a "statement of support" from Western banks by December 15 to try to maintain the momentum of its plan to help to ease the international debt crisis.

This was revealed by Dr Alfred Herrhausen, chief executive of Deutsche Bank, West Germany's biggest commercial bank, at a press conference.

Dr Herrhausen said he was sceptical whether the deadline could in fact be met, noting that many details of the plan – put forward last month by Mr James Baker, the US Treasury Secretary – still needed settling.

He added that be was confident the Baker plan would eventually be realised, stressing thet in his view there was "no alternative" to it.

Under the US plan, commercial banks would agree to lend $20bn to the most indehted states over tha next three years, with a similar sum coming from the World Bank and the Inter-American Development Bank.

Simultaneously, under continuing guidance from the International Monetary Fund (IMF), policies in the debtor countries would shift to help to promote economic growth.

Dr Herrhausen stressed that the latter point on growth was vital, since continued "austerity and belt-tightening" could bring no durable solution to the debtor states' problems.

The Deutsche Bank chief also named other conditions he felt would be decisive for banks in considering whether to support the scheme actively.

The conditions included:

● Credit must be provided only on a "case by case" basis, after presentation of a "confidence inspiring" economic programme by each debtor state.

● The relationship between the contributions of the commercial banks on the one hand and governments and multinational institutions on the other, had to be "balanced". Among other things that meant governments should help via export credit guarantee schemes like Hermes in West Germany.

● The debtor states must create conditions to stem capital flight and encourage foreign investment.

These and many other points are already being discussed by the banks and, according to Dr Herrhausen, will be raised at a meeting in London shortly before the December 15 deadline.

The Deutsche Bank executive pointed out that it was not clear yet to whom the requested "statement of support" should be addressed – whether to Mr Baker or some other person or institution.

He did rule out that an important role in the initiative would be played hy tha Institute of International Finance, the Washington-based "think tank" set up by commercial banks, but of which Deutsche Bank is not a member.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	F	12	54	Malaga	S	17	63	Salzburg	F	0	32
Akrotiri	S	21	70	Faro	S	14	57	Malta	F	19	66	Seoul	S	3	37
Algiers	–	—	—	Florence	S	19	58	Manila	S	31	88	Singapore	F	26	79
Amsterdam	S	3	37	Frankfurt	F	1	34	Miami	S	23	73	Stockholm	Sn	-4	25
Athens	S	20	68	Funchal	S	20	68	Milan	Fg	2	36	Strasbourg	C	3	37
Bahrain	S	25	77	Geneva	Sn	-1	30	Moscow	S	-7	19	Sydney	F	21	70
Bangkok	S	33	91	Gibraltar	S	17	63	Munich	Sn	1	34	Taipei	C	22	72
Barcelona	S	9	48	Guernsey	C	6	43	Nairobi	–	—	—	Tangier	–	—	—
Beirut	–	—	—	Helsinki	Sn	-2	28	Naples	F	10	50	Tehran	–	—	—
Belgrade	F	5	41	H. Kong	S	25	77	New Delhi	S	21	70	Tel Aviv	S	25	77
Berlin	Sn	-0	32	Innsbruck	F	-4	25	New York	R	4	39	Tenerife	C	22	72
Biarritz	S	2	54	Inverness	Sn	0	32	Nice	S	11	52	Tokyo	C	17	63
Blackpool	Fg	-1	30	Istanbul	R	10	50	Oporto	S	10	50	Toronto	Sn	-3	27
Bordeaux	F	9	48	Jersey	C	6	43	Oslo	C	-5	23	Tunis	C	17	63
Brussels	C	3	37	Jo'burg	C	19	66	Paris	F	5	41	Valencia	S	12	54
Budapest	S	1	34	Las Palmas	C	22	72	Prague	Sn	-2	28	Venice	S	5	41
B. Aires	S	26	79	Lima	S	22	71	Reykjavik	Sn	-2	28	Vienna	Fg	-5	23
Cairo	S	24	75	Lisbon	S	9	48	Rio de J'o	C	33	91	Warsaw	S	-3	27
Cape Town	S	31	88	Locarno	S	5	41	Rome	S	14	57	Zurich	Sn	0	32
Caracas	R	27	81	London	C	3	37								
Casablanca	–	—	—	Los Angeles	C	13	55								
Copenhagen	S	2	36	Luxembourg	C	-1	30								
Corfu	S	16	61	Madrid	S	5	41								
Dublin	S	2	36	Majorca	S	13	55								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Cathay Pacific sale

Continued from Page 1

Corporation holding the remaining 30 per cent.

Under the flotation plan, each company would reduce its holding *pro rata:* Swire to 52.5 per cent and the Hongkong Bank to 22.25 per cent, enabling 25 per cent to be offered to the public. Mr Miles said yesterday the aim would be to achieve "the maximum widespread distribution of shares among individual Hong Kong investors" and to give preferential treatment to applications from airline staff.

Cathay is Hong Kong's second largest employer, with about 8,600 staff. It operates 19 wide-bodied aircraft between 27 cities in Europe, Asia and North America. It carried 3.6m passengers last year and will in 1986 begin direct services to Peking, Rome, Paris and San Francisco.

In 1984 Cathay accounted for over half of Swire Pacific's earnings, with a turnover of about HK$7bn. Earnings for 1985 are expected to rise close to HK$1hn, causing analysts to put a value on the company of about HK$10bn.

Mr Miles said that Swire Pacific's proportion of the funds generated through the share sale would be used to reduce the dominance of airline operations in the group.

Go-ahead for new Gatt round

By William Hall in New York

THE WORLD'S major trading nations yesterday swallowed their differences and agreed to prepare for a new round of negotiations to turn the tide of protectionism.

Preparations for the talks will start in January, it was agreed at the annual meeting in Geneva of the General Agreement on Tariffs and Trade (Gatt), the world trade body.

Formal endorsement of a procedural compromise painfully hammered out over many months means that the real bargaining will start at the end of next year or the beginning of 1987. That assumes the timetable sketched out yesterday actually holds.

The 90 Gatt countries formally decided to appoint a committee to prepare by mid-July next year an agenda for the negotiations.

Trade ministers will meet in September to launch the round, which most big trading nations regard as urgently needed to curb proliferating trade barriers which are threatening to stifle the liberal trading system.

Yesterday's decision was "a signal to the international business community that we are serious, Mr Mike Smith, the US Deputy Trade Representative, said.

President Ronald Reagan announced in September that he would seek congressional authority to negotiate. The hill seeking authority for this should be submitted to Congress next spring, Mr Smith said.

The emphasis is now likely to shift from a bitter dispute over freeing trade in services, which for several years has pitted the US and other industrial nations against a handful of developing countries, notably Brazil and India.

But a rift between the US and the EEC is bound to appear when the preparatory committee takes up the equally contentious issues of trade in agricultural goods and export subsidies.

It was a compromise on how to handle trade in services and on the timetable which opened the way yesterday for a consenus decisioo to set up the preparatory committee.

The text provides for exchanges on services to continue in an existing Gatt committee under Mr Felipé Jaramillo of Colombia, the Gntt chairman. This committee will submit recommendations to the Gatt nations at their next session, which would normally be in a year's time.

Editorial comment, Page 12

Brazil reforms tax and seeks cut in deficit

Continued from Page 1

The changes in the personal income-tax structure would take about 1.3m people out of the tax net, Mr Funaro said. Income tax will be eliminated on salaries of up to about US$4,000 n year. Higher tax bands among middle-income earners will enjoy a 25 per cent reduction on existing rates.

The Government expects most of the reduction in its operating deficit to come next year from its own lower debt servicing requirement, due to hoped-for lower domestic interest rates. The Finance Minister expected savings of Cr 35,000bn (US$2.5bn) next year from the trend.

Altogether, the Government's tax receipts are expected to rise by Cr 20,000bn in 1986, mainly through speeded-up corporate tax payments and fresh taxes to be levied on financial operations. Savings in direct government expenditure are forecast to contribute a further Cr 8,000bn towards reducing the overall public-sector deficit.

Mediobanca stake sold by Gemina

Continued from Page 1

quisition from cash reserve and thus the bank loan should total between L150bn and L200bn: This will be refinanced early in next year by means of a share issue by PAF (the Varasi master company) open to investors on the Milan bourse and outside Italy. Mr Gianni Varasi will meet UK stockhrokers in London today to discuss his group.

It is understood that Gemina shareholders such as Fiat and Pirelli are expected to utilise part of the proceeds from the Montedison share sale to pay for new shares now held in Mediobanca by the IRI state bolding group. This forms part of the settlement of the Mediobanca conflicts between state and private shareholders.

THE LEX COLUMN

A pattern of islands

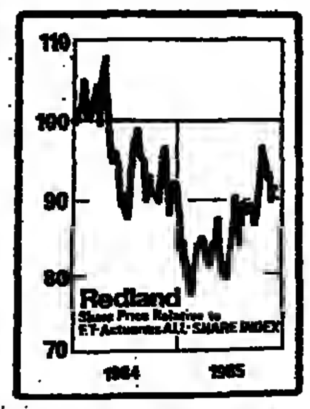
Of all the issues that embarrass the defenders of City self-regulation, the saga of Mr Jim Raper must be among the most difficult to hrush aside. It now appears that even nt the moment when Mr Raper was being welcomed back to the Stock Exchange in 1983, he and his companies were at work in ways which the Department of Trade (DTI) inspectors now describe as likely to have been at odds with the law on concert parties.

The DTI inspectors have been given n difficult time by companies connected with Mr Jim Raper ever since his City rehabilitation. Before even getting to grips with an alleged stripping of assets that preceded the liquidation of Milbury, n Raper company which acquired Westminster Property in 1983, the inspectors have just finished looking at the way in which Milbury (that is, Mr Raper) originally gained control of Westminster; how many concert parties were playing Mr Raper's tune? They found it remarkably difficult to reach a conclusion.

The problem was to decide between two equally plausible stories. One explanation was that a private detective named Withers, employed by the Seychelles Government to develop a worldwide counter-insurgency network, had misused £850,000 of his client's money by putting it into Westminster shares, subsequently voting with Mr Raper. On the whole, the men from the DTI thought this somewhat more unlikely than n far-fetched idea that the money had been provided from Swiss bank accounts controlled by Mr Raper. But it is hard indeed to choose.

As it happens, the evidence was even richer in suspicious tangles than the report makes out. Since the inspectors reached their conclusion about the relations between Mr Raper and Mr Withers, it has become apparent that there may at the time have been more of a link than they thought between Mr Raper and a Mr Furey (operating from Miami and Curaçao). The investigation continues; so does the embarrassment of every authority in sight.

Redland



Redland's 5 per cent increase in interim profits to £50.7m may have contained few surprises, but the company's ride this year has been anything but smooth. The cracks in West Germany were evident at the last year-end; since then they have turned into potholes. Housing starts are way down, which will mean a 15 per cent fall in volumes for the year and n drop in profits of n third. Lay-offs have been unavoidable, but will at least keep profits afloat next year even if the climate does not improve. The other hold-up has been in Australia, where a 20 per cent rise in profits was wiped out by currency losses.

The US, though, is shifting up n gear. Redland Worth, the Texan aggregates business, saw 20 per cent higher profits, and n £25m investment in new plant will douhle capacity by next summer and produce substantial cost savings.

At home, increased competition in roof tiles has not yet affected margins, and Redland is hoping to cash in on higher government spending on council house renovation. With a bounceback from Cawoods after the miners' strike, the UK contribution should be well up this year.

This all suggests profits just edging up to around £112m in 1985-86, with over £120m in prospect the following year. On yesterday's price – up 9p to 357p – the shares stand on a prospective p/e of 11½, still a tantalising 2½ points less than Tarmac. But that gap is unlikely to disappear while Germany continues to underperform.

Cathay Pacific

Swire Pacific might have chosen a more auspicious day to announce the flotation of Cathay Pacific. It was not simply that the local market was in retreat. Given that the international sky is well stacked with airline issues, many eyes were on Singapore and the results of the subscription for SIA. The issue was duly oversubscribed, with foreign investors taking the slack as the locals were too busy covering short positions. Even so, SIA managed to pull in only a fifth of the cash thrown at Laura Ashley in London.

It is not as if Cathay Pacific has any need of cash: at this stage, it appears that the proceeds of Hong Kong's largest flotation, or up to HK$2.5bn, will accrue entirely to Swire Pacific and Hongkong Bank, the airline owners. Having sold all its aircraft in favour of leaseback arrangements with Japanese hanks, Cathay is sitting on assets that consist primarily of n lump of cash and its routes to and from Hong Kong. It is the valuation of the routes that underlines the political nature of yesterday's announcement. An airline listed in Hong Kong looks set to have a better chance of keeping those routes after 1997 than as the chief subsidiary of a group with a substantial British shareholding.

Royal Bank

Royal Bank of Scotland may be refreshingly clean of tricky overseas exposure and cushioned by capital ratios opulent by UK standards. But the conventional wisdom has generally ascribed its premium rating to hid interest. Yesterday's results for the year to September – a period which showed more cost than benefit from the merger with Williams and Glyn's – may have proved the bid support irrelevant. Pre-tax profits increased by a full 27 per cent to £166.3m, while the dividend was raised by 19 per cent after adjustment for the rights issue.

Admittedly, the largest proportionate increase came in international banking; hut however wide last year's margins on foreign exchange dealing, these profits have e habit of vanishing. However, this is more than supported by the 18 per cent increase in sterling lending while the bank was holding the current account portion of its funding steady.

The one disappointment of the figures is probably not confined to Royal Bank alone. Even allowing for the £81m in bad debts inherited fully provided from Charterhouse, the charge this year was nearly £50m and there is no sign of a let-up on small business loans next year. However, by then Royal Bank should be seeing some real benefits of the merger and n hefty whack of proceeds from the sale of surplus properties. On prospective profits next year of the best part of £200m, yesterday's 2p rise in the share price to 288p was not exactly overreaction.

SECTION III

FINANCIAL TIMES SURVEY

Commercial Vehicles

Reductions in manning and capacity are beginning to improve profit and loss accounts, but Europe's over-production is the manufacturers' main worry.

Skirmishes in the price war

By Kenneth Gooding

Motor Industry Correspondent

THE ACTIVITIES of General Motors' roving ambassador, Mr Bob Price, have provided one of the major talking points in the European truck industry during the past few months.

Mr Price, well-known in Europe since his term between 1971 and 1979 as chairman of GM's Vauxhall subsidiary, has been on special assignment from GM's headquarters in Detroit.

His task: to do the research which will enable GM, the world's largest automotive group, to decide which direction it should take to build up a much more significant presence in the European heavy truck business.

GM already owns Bedford in Britain and is fast turning it into a major producer of light commercial vehicles. But Bedford's position at the heavy end of the market is weak and likely to get worse if GM does not take action soon.

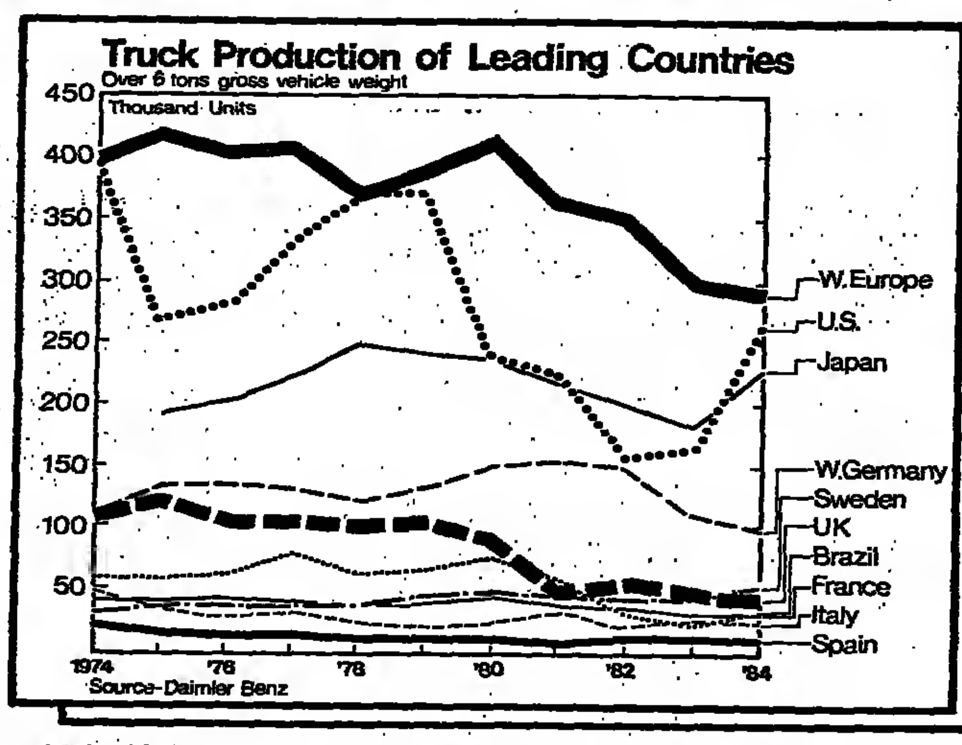
There seems to be no heavy truck producer in Europe which has not had a visit from Mr Price in his search for potential partners or co-operative ventures. There have been long and very serious negotiations with the Spanish Government about the potential purchase of Enasa, the state-owned Pegaso truck and bus company. That deal would have brought with it Enasa's British subsidiary Seddon Atkinson.

GM also attempted to interest the GHH engineering group to sell MAN, West Germany's second-largest heavy truck producer.

Both sets of negotiations came to an end recently leaving GM empty handed. GHH decided MAN was recovering fast enough from traumatic losses without any outside help.

The Enasa talks were going well but when it came to talking terms, GM backed away, saying it wanted to put negotiations on ice while it considered alternative options for its European truck business.

That alternative could include Leyland in the UK. Serious discussions between GM and BL, Leyland's state-owned parent, have been going on for some months. Most observers assume that, if these come to anything, they will lead to GM buying Leyland, possibly along with the Land Rover company, and merging it with Bedford.



The underlying reason for all this hectic activity by GM is that the US group is attempting to put together what could in broad terms be called a "world truck" programme. This will involve the development of a chassis which could serve as the platform for trucks to be assembled in individual markets across the globe.

At the same time GM's world truck and bus organisation, based at Pontiac, Michigan, is putting together a variety of key components which can be mixed and matched to go with the chassis.

This programme, which should come to fruition in about five years' time, needs more heavy truck volume in Europe than Bedford can provide. Hence GM's search for partners.

The timing is also important because the European heavy truck industry is only just emerging from the depths of a deep recession and there could be some bargains to be picked up.

GM would be following the example of those European companies which took advantage of the recession in the US at the end of the 1970s to pounce on ailing companies and establish footholds in the world's biggest truck market.

At that time Daimler-Benz, the Mercedes group, bought Freightliner, Volvo acquired White Truck and Renault took a stake in Mack which gave the three Europeans about 40 per cent of the US heavy truck market.

As the world's major exporters of heavy trucks, the Europeans bore the brunt of the collapse in world demand from 520,000 in 1979 to only 350,000 in 1983. At the same time many of them made decisions in the late 1970s to increase capacity on the basis of forecasts of bright prospects and the resulting new capacity came on stream in the depths of the recession.

So the European industry today probably has the capacity to produce 600,000 heavy trucks a year and, therefore, a great deal of excess capacity.

However, 1985 for much of the industry has been a year of financial progress if not of increased sales and production. Reductions in manning and capacity are beginning to have an impact on the profit and loss accounts and some companies which were suffering heavy losses are now at least at break-even.

Mr John Lawson, director of DRI International's automotive services, says, however, that it would be premature to claim that the European industry has weathered the recession without outright casualties.

"Most industry restructuring occurs not at the bottom of a recession but at an early stage of recovery when potential new owners can see some financial logic in the acquisition of additional assets," he points out.

This Scania recovery vehicle has a 280 bhp diesel engine and the hydraulic equipment by Bro Wrecker can winch up to 38 tonnes.

The Europeans have had to adjust not only to a lack of growth in their domestic markets but also to a rapid fall in demand from the Middle East—including the key export markets of Iraq and Iran. Exports of heavy trucks to the Arab countries reached 82,400 as recently as 1981 but collapsed to only about 17,000 last year.

There is no sign of any other major market emerging to take the place of the business lost in the Middle East. Nobody expects truck demand in Europe to return to the peak reached in 1979.

As Mr Sten Langenius, president of Volvo Truck Corporation, says: "Demand this year in Europe is about average. If we can't survive in this market then we must think again about our businesses."

This is certainly the approach taken by most of the European companies which recently have been concentrating more on aligning costs with a more dependable revenue flow than on trying to sell their way out of trouble.

However, the intense price war in the heavy truck market still bursts out at times. The worst skirmishes have again taken place in France in the past year because the domestic producer, Renault Vehicles Industriels, under no circumstances will permit its market share to fall below 42 per cent—at which point it feels its dealer network would be in danger.

Just as there are two different philosophies in the heavy truck industry — a small number of companies believe in vertical integration and produce their own engines, gearboxes and axles while the rest buy many key components from outside suppliers — there are different opinions about the way the European industry can face the future with more confidence.

The vertically integrated companies feel they can only hope to achieve the volumes to justify investment in new components by having a major presence in all the major truck-producing regions. Daimler-Benz and Volvo already have substantial operations in Latin America as well as the US and Europe.

Scania, another of the "vertical" producers, is represented in Latin America and Europe but is only just setting up in a small way in the US.

For the other producers, more co-operative ventures, more purchases from outside suppliers and closer co-operation with component producers is the order of the day.

Mr Mike Hammes, vice-president of Ford of Europe's truck operations, sums up the approach in this way: "I don't believe any of us (heavy truck makers) can afford the continued proliferation of major sheet metal assemblies and powertrains within our product ranges.

"We must find a way to utilise these major investment items in a far more cost-effective way or risky increasingly uncompetitive products which benefit neither the manufacturer nor the consumer.

"While the manufacturers clearly want to please the customer," he says, "this goes against the basic idea of maximising economies of scale. This is, however, where the proprietary parts manufacturers have a most important role to play.

"The European industry has tended to try to develop as many components as possible for in-house manufacture, often at uneconomic volumes. To give really attractive economies of scale and to generate a sufficient volume to absorb development costs, I believe we manufacturers must be ready increasingly to use high-quality, pro-

CONTINUED ON PAGE 3

Contents

European registrations (over 3.5 tons) 1984

	Year	Austria	Belgium	Denmark	Eire	Finland	France	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	United Kingdom	West Germany	Totals	% mkt. Share
Daimler-Benz		1,010	1,712	780	250	901	8,523	1,473	2,422	800	1,437	297	1,067	5,089	32,595	58,355	25.7
Iveco		375	467	464	292	100	6,108	14,821	509	310	—	102	184	3,061	6,799	33,592	14.8
Renault-RVI		75	824	235	180	87	17,700	570	242	67	2,435	5	60	4,833	465	27,778	12.2
Volvo		325	1,089	1,400	121	1,064	3,976	662	1,587	1,052	—	2,582	524	4,493	854	19,729	8.7
MAN/VW		532	422	264	4	107	590	296	740	326	—	340	224	1,243	9,221	14,309	6.3
Ford		84	191	375	285	195	459	192	246	231	—	201	37	9,547	626	12,719	5.6
Scania		274	723	1,103	91	768	1,712	1,171	1,415	715	—	1,823	364	2,461	1,185	13,805	6.1
DAF		261	1,205	160	155	—	2,063	355	3,094	78	—	28	76	2,594	350	10,419	4.6
Leyland		—	15	—	109	—	182	—	4	—	—	—	—	7,735	—	8,045	3.5
GM-Bedford		4	51	50	224	—	63	—	6	24	—	20	2	6,909	11	7,364	3.2
Motor Iberica		—	—	—	—	—	—	—	—	—	4,392	—	—	190	—	4,583	2.0
Enasa		—	3	—	—	—	—	—	11	—	4,600	—	—	—	—	4,614	2.0
Seddon		—	—	—	2	—	—	—	—	—	—	—	—	1,505	—	1,507	0.7
ERF		—	—	—	2	—	—	—	—	—	—	—	—	1,526	—	1,528	0.7
Steyr-Daimler		1,164	1	—	—	—	—	—	10	—	—	—	60	—	—	1,235	0.5
Others		448	238	155	743	835	368	1,452	436	510	—	29	172	1,635	820	7,841	3.4
Totals		4,552	6,941	4,988	2,458	4,057	41,744	20,991	10,722	4,163	12,864	5,427	2,770	52,821	52,926	227,422	100.0
% change	84/83	11.8	−0.7	30.7	−15.7	−6.5	1.1	−5.6	20.3	5.5	−15.1	−1.8	3.8	5.7	−9.8	−1.3	—

Source: Automotive Industry Data

Sales lag in struggle against over-capacity

The UK

JOHN GRIFFITHS

"SOMETIMES, I wonder whether we're ever going to see any light at the end of the tunnel."

The comment comes from Mr Sam Toy, chairman of Ford UK, made during the summer as he reflected upon the state of the heavy commercial vehicle industry both in the UK and on the Continent.

He was offering his own view that the UK heavy truck market, for vehicles over 3.5 tons gross weight, would do well this year to reach 55,000 units, compared with 52,800 in 1984.

He is unlikely to be far off: in the first 10 months of the year, registrations reached 48,385. That was 7.7 per cent up on the same period of last year, and a large improvement on 1981, when the industry reached a 40-year low of just over 42,000 units for the full year.

But this year's sales levels remain far below the record 80,000 achieved in 1979, and Mr Toy's gloom was based, too, on the fact that by his estimates truck over-capacity in Europe has now reached 45 per cent.

Heavy commercials are of particular importance to Ford UK, whose plant at Langley, Berkshire, is the sole source of supply — with its Cargo range — for all Ford's European truck markets.

Ford also remains the UK market leader in heavy trucks, but has come under increasing pressure from BL-owned Leyland Vehicles during the current year.

Both, together with General Motors' UK trucks subsidiary, Bedford, have in turn continued to come under pressure from imports. The rate of increase in penetration has slackened this year from the large gains made up to the end of 1984, but has still risen during the first 10 months to 36.81 per cent (36.06). Five years ago, imports accounted for only half this figure.

The situation reflects an amalgam of factors; a still relatively high value of sterling against Euro-currencies, the UK industry's long struggle to bring its manufacturing costs down, and the fact that virtually all Continental manufacturers considered the UK a vulnerable target as they sought substitute markets for those that had collapsed in developing countries.

Bulge

But in the view of forecasters like DRI Europe, there are now some grounds for cautious optimism, both in terms of UK market demand and exports:

DRI points out that next year should see a large proportion of the record number of trucks bought in 1979 reaching their average maximum useful life. Thus there ought to be a replacement "bulge" which, DRI forecasts, should produce a further rise in sales, to just under 59,000 units.

At the same time, the UK manufacturers' export performance is improving, in large part due to developments outside Europe. The principal positive factor has been the resumption of imports by Nigeria this year, although the change of regime there does underline the fragility of any recovery.

Nevertheless, Nigeria alone has absorbed half as many trucks again in the first seven months of this year as in the whole of 1984 (1,070), proving of particular benefit to Bedford and Leyland.

None of which, against the background of rising imports, is expected significantly to reduce the UK's balance of trade deficit on commercials, which reached £271m last year.

UK manufacturers are still seeking to cut their costs. One manifestation of this has occurred with Ford this year, when it announced that 470 truck-related jobs were to go by 1987 as a result of the company ending production of axles for its trucks up to 16 tons. It is to buy them from Rockwell instead.

Ford already buys axles for its trucks over 16 tons from Eaton. It simply is not worth Ford producing such items itself, the company explains, when companies like Eaton and Rockwell, which produce axles for truckmakers all over the world, can achieve such large economies of scale.

Meanwhile, both Leyland Vehicles and Bedford have continued to struggle with large losses. Early in November, Leyland announced that a further 500 jobs are to be cut. They are mainly in the area of bus production—harder hit even than trucks—but mean that Leyland's workforce will have been cut to just over 11,000 from the 28,000 employed in 1979.

The cut has been offset with the announcement in mid-November that Leyland Trucks is to invest £9m at its Albion axle plant near Glasgow, with the intention of increasing capacity from 30,000 to nearly 60,000 axles a year, allowing the opportunity of sales to other manufacturers.

But while its losses are reducing, they still came to £23.5m at the operating level in the first half of this year; after a 1984 loss of £64m, while Bedford's net loss last year of £62.4m was higher than in 1983.

The disclosure that Leyland Vehicles and Bedford have been holding talks during the past few months inevitably has sent a surge of speculation through the industry. Quite what is involved remains unknown — but the speculation ranges from a £360m outright purchase plan by Bedford's GM parent, to simple collaboration like Bedford using Leyland's C40 truck cabs. GM earlier had tried to to buy Enasa of Spain, after previous similarly unsuccessful talks with MAN of West Germany.

The UK Government would be likely to welcome a takeover — Leyland Vehicles represents one of the most problematical parts of the BL business it would like to privatise.

For its part, Bedford—which is now part of GM's world truck and bus growth — is still far from achieving the economies of scale employable by other European producers such as Daimler-Benz and Iveco. Both sides indicate that the talks should come to a head soon.

They have been taking place during a year in which Bedford has continued to rationalise its heavy truck operations at Dunstable. The workforce is being cut to 6,900, from 9,700 two years ago, and capacity by 40 per cent to 30,000 trucks a year.

Slip

They come, too, as Bedford has suffered the humiliating experience of slipping into fourth place in the UK heavy truck sales league, having been overtaken by Daimler-Benz. The swift rise in Daimler-Benz's performance is due largely to its LN range of 7.5 ton trucks launched last year. Now, the company is spending £9.1m on a new commercial vehicles preparation centre at Barnsley, for completion in 1987, as it seeks to consolidate its gains.

Meanwhile, heightened competition is coming from Renault Truck Industries, on which the French state-owned vehicle makers has spent £40m since acquiring the Dunstable-based former Dodge concern from Peugeot in 1981. Early in November, RTI added two new heavy truck models to the Dunstable assembly lines, more than doubling its coverage of the 16 tons-plus market.

With them, it plans to increase its penetration of the heavy truck market from 2.7 per cent now to at least 6 per cent by 1987. They are being sold at exceptionally low prices —a reflection, however, of the trucks being carefully tailored to the UK and Dunstable's productivity now equalling that of any plant in Europe, rather than of aggressive marketing, the company insists.

Volvo, which expects to sell nearly 5,000 trucks in the UK this year, has also raised the status of its plant at Irvine, Scotland, from mere assembly to production, and is currently spending £750,000 on increasing capacity from 1,600 to 2,000 trucks a year. This will allow more than a third of its UK sales to be sourced domestically.

The UK's smallest truck makers, ERF, Seddon Atkinson and Foden, are experiencing mixed fortunes.

Mr Peter Foden, chairman of ERF, says the company's move at the end of last year to "standardise" its trucks around Cummins engines, Fuller gearboxes and Rockwell axles has been a success, with unit sales up 35 per cent when exports are included, though UK sales are only slightly ahead of last year.

Seddon Atkinson, sold by International Harvester to Enasa of Spain in March last year, has also seen UK sales rise slightly, and is said to be operating profitably.

Foden, however, which is owned by Paccar, the US truck maker based at Seattle, has seen sales fall sharply, but insists that this is the result of a firm refusal to enter the discounting wars.

Hard fight for market share

THE SHAKEOUT in the French heavy commercial vehicles market, for trucks over 5 tonnes, has continued this year. In the first eight months the market was 20 per cent lower than the already depressed level of the previous year and prospects for the full year are not bright. At best, the rate of decline will not increase in the final part of the year.

Despite this collapse the price war between the major manufacturers has not reached the levels of 1983 when some discounts exceeded the 40 per cent mark. However, the price war has flared up again in the second half.

"Although there continues to be heavy discounting, mercifully the price cuts have not yet reached earlier peaks," says an official of Renault Vehicules Industriels (RVI), the truck manufacturing subsidiary of the troubled state-owned Renault car group.

RVI has tried to contain its discounts as part of overall efforts to reduce its losses, which continue to be high. At one stage last year RVI launched a major price discounting attack on the French market to recapture market share from its main rivals. But after recouping a 42 per cent penetration of the domestic heavy duty truck market RVI has lost about three points in domestic market share in the first eight months of this year, with its market penetration falling to 39.7 per cent.

In contrast, the company's bottom line has shown some improvement with losses reduced to FFr 800m ($102m) in the first half of this year compared with FFr 1.2bn in the first six months of 1984. But the company has warned that the uncertain market situation could increase losses in the second half, especially if France's renewed truck price war does not ease before Christmas.

The decline in RVI's share of the French heavy duty truck market has helped the French company's major rivals either maintain or gain some points in market penetration. Mercedes has seen its share of this market rise so far this year from 20.1 to 21.2 per cent, while Volvo has had a roughly similar increase, from 9.4 to 10.3 per cent.

Scania has also increased market share from 4.1 per cent to 4.7 per cent. However, Iveco, which closed a truck plant in France last year, lost a fraction of penetration moving from 15 per cent to 14.7 per cent. In contrast, the overall French market for under 5 tonne commercial vehicles has been more resilient, increasing by 0.5 per cent in the first eight months of this year. RVI also saw its share of this sector rise, by 0.6 per cent to 25.3 per cent.

The continuing slump in the French heavy duty truck market has done little to comfort RVI's continuing restructuring efforts to cut losses. The Renault truck subsidiary is currently trying to cut 2,500 jobs in France this year to bring its total French workforce down to 22,300 from 24,800 at the end of last year.

France

PAUL BETTS

So far, the company has managed to cut 1,770 jobs out of the target for this year through a whole series of measures ranging from early retirement incentives, repatriation incentives for immigrant workers, and other incentives to encourage workers to retrain for other jobs.

But the fate of the remaining 780 jobs to be cut this year is proving a big social headache for RVI at a time when the pro-Communist CGT labour union has been trying to mount—so far without much success—a major labour conflict against the Renault group and the current sweeping restructuring efforts of M. Georges Besse, the new Renault chairman.

But if the domestic market remains a major problem, RVI has been expanding its collaboration with Mack Trucks, in which it owns a controlling stake. Indeed, Renault is banking on its relationship with Mack to develop products in France for the US market.

The French company has now started marketing its new FR-1 coach in the US through Mack together with the Midliner range of medium-sized trucks. Mack has enabled RVI to penetrate new export markets. Indeed, RVI won this summer through Mack its first contract to supply 60 buses to the city of Perth for FFr 22m.

Demand up after tough times

Italy

ALAN FRIEDMAN

THE ITALIAN commercial and industrial vehicles market—after three tough years which saw domestic demand drop significantly—is finally showing signs of emerging from crisis. Leading manufacturers tend to agree that the first six months of this year saw a rise in demand of just over 11 per cent.

This upturn, while only a gradual recovery, must be seen in the light of the experience since 1982. In 1982 domestic demand fell by a quarter, the following year by 20 per cent and in 1984 by 10 per cent. The market for commercial vehicles of more than three tonnes—has seen vicious discounting wars and important restructuring of the manufacturing companies.

The Italian market for commercial vehicles is now worth roughly L3,200bn ($1.8bn) and the manufacturer which has put itself through the most intensive restructuring is also the market leader with a market share of around 60 per cent. The company is Iveco, the Fiat group subsidiary which was hit by heavy losses in 1983 and 1984 and this year hopes to break even.

Iveco, which is Western Europe's second-largest commercial vehicles group, is really Italy's only major manufacturer in this sector. The company was formed in 1975 and brought together the commercial vehicle activities of Fiat—including OM and Lancia in Italy—and Unic in France and Magirus in West Germany. Given the complex trans-national structure of Iveco, it is registered in Amsterdam and reports results in Dutch guilders.

In the face of mounting losses (1983 saw a $79.4m deficit and 1984 a loss of $135m) Fiat decided in May 1984 to replace Mr Giorgio Manina as Iveco managing director. The new man, Mr Giorgio Garuzzo, has been tackling the company's problems with some success—this year Iveco should break even on sales of about $3bn.

Mr Garuzzo has been cutting costs, closing plants in Italy, France and West Germany and appears to have introduced a new rigour in the balance sheet. Most importantly, in a market where demand was falling, Mr Garuzzo reduced Iveco's break-even level of commercial vehicle output from 120,000 five years ago to 90,000 units a year.

The company, as Mr Garuzzo points out, has production running at about 100,000 units a year, the same level as a decade ago. But the number of employees, which was 52,000 ten years ago, is now 35,660.

In the first six months of this year Iveco sold 16,400 vehicles, out of a total world wide of 48,550. At the end of June it claimed a 62.2 per cent market share, up from 60 per cent in 1984.

Market share figures in the Italian commercial vehicles industry are hard to come by: there is no official association which monitors this sector alone and estimates are based on company declarations. Registration statistics lag much too far behind sales to be useful.

Import

Nonetheless, it is possible to make estimates which show that after Iveco the other leading producers (which import into Italy) are Ford, Daimler-Benz and Renault. Ford is said to have about 8 per cent of the Italian market, although the company itself says that if its Transit 190 van is excluded the actual share is only 1.9 per cent, or about 400 trucks in the 3.5 to 18 tonne category. Ford, like the much larger Iveco, has been in loss in the past couple of years.

Daimler-Benz has just over 6 per cent of the market, while Renault claims a 4.3 per cent share, followed by Scania (2.5 per cent), Alfa Romeo (2.2 per cent), Volkswagen (2.2 per cent), Japanese companies (2.2 per cent) and Volvo (1.5 per cent).

The smaller companies have complained about Iveco's price cutting in recent years and when Renault tried to match the discounting strategy it saw several of its dealers go under. Mr Daniele Colombo, marketing and sales director of Renault (Italy), sums up the situation this way: "Iveco always says the (discount price) war is over. But there is a real difference between the number of dealers holding stocks and the number of customers providing demand. So the war goes on."

At Iveco, Mr Garuzzo is continuing his policy of industrial and financial restructuring. He says the Fiat truck subsidiary will return to the black next year, which would represent quite a turnround. Among the changes he has imposed at Iveco have been a cutting of the number of product lines available from 21 to six.

Similarly, he has cut the number of engine groups by half, to six, and has reduced the variety of different cabs from 20 to only four.

All these moves have been watched attentively by Iveco's competitors in the Italian market. There is evidence of some restructuring in the marketing and dealer strategies of foreign competitors as well. Manufacturers are reluctant to say that their problems are over, but at least for the first time in three years the signs are more encouraging.

Ford Cargo truck, extensively modified by a German specialist for aircraft catering service at Fiji Airport. The hydraulic scissor-lift raises the body to a height of 5.6 metres.

Truck output in Western Europe - 1984

(Over 6 tonnes gvw)

Ranking		Number produced	% of total
1	Mercedes-Benz	75,835	26.1
2	Fiat/Iveco	42,750	14.7
3	Renault VI	36,375	12.5
4	Volvo	31,647	10.9
5	Scania	22,100	7.6
6	Ford	16,103	5.5
7	GM/Bedford	13,752	4.7
8	MAN	13,560	4.7
9	DAF	12,769	4.4
10	BL: Leyland Vehicles	9,678	3.2
11	ENASA/Seddon	8,298	2.9
12	Nissan/Motor Iberica	2,394	0.8
13	VAG/MAN	2,050	0.7
14	ERF	1,779	0.6
	Others	1,983	0.7
		291,073	100.0

Source: International Automotive Review.

Skirmishes in the price war

CONTINUED FROM PAGE ONE

prietary parts."

Mr Hammes suggests that key areas where the outside suppliers will be required to maintain product development and generate a sufficient industry-wide volume base for a fair proportion of the truck makers in the future are on the specialist use of low-volume engines, gearboxes and axles to extend the versatility of manufacturers' basic ranges.

Ford of Europe has already taken action along the lines Mr Hammes has in mind and will phase out production of its own truck axles and instead buy from Rockwell's new plan in southern Italy in which Iveco, the Fiat subsidiary also has a shareholding and is a major customer.

Ford's European truck organisation is also talking to Iveco about possible joint ventures and co-operation covering a wide area — but not, the companies stress, about a merger.

However, DRI's Mr Lawson says a merger of Iveco and Ford of Europe's truck business would "make easier the further necessary rationalisation of the European industry and the combined group would probably be strong and large enough to reap many of the benefits of rationalisation at the European level."

As the European industry attempts to put its house in order, lurking in the background is the potential threat from the Japanese. The Japanese industry is very strong in the production of light vehicles and has a reasonable position with medium duty ranges, but it is not yet very strong at the heavy end because it has no major domestic demand for such trucks.

The Japanese have in the recent past been setting up their own distribution and import companies in the US and, if their presence at the Brussels Truck Show earlier this year is anything to go by, are determined to do better in Europe, at least with medium-heavy vehicles.

Toyota, largest of the Japanese groups, has shown an interest in Enasa in Spain but seems to be interested in taking a very gradual approach and wants to start with a light commercial joint venture.

Volvo's Mr Langenius acknowledges that the European industry will have to remain on the alert. "The Japanese are developing their technology and know how and we know that if the Japanese competitors decide to move aggressively in our industry, then we had better view it seriously."

New Mercedes-Benz 1644 S has a new engine and drive system which give better performance with lower fuel consumption.

Firm rise in production

West Germany

JOHN DAVIES

THE STRATEGISTS at Daimler-Benz have succeeded in putting down their marker in Mexico, which used to be one of the "blank spaces" on the company's world map. After some scouting around, the West Germans clinched a deal a few months ago on local production of diesel engines and commercial vehicles.

The Mexico agreement is yet another building block in the network of commercial vehicle operations which Daimler has been building up systematically worldwide.

For a long while, Daimler executives have also been eyeing other potential candidates for commercial vehicle projects, including China. But patience seems to be the watchword in a lot of international negotiations.

In the face of tougher times in the world's truck markets in recent years, Daimler has always professed to have confidence in its ability to overcome the problems and to benefit from the long-term future of the business. But realistically, many markets are expected to offer only modest prospects in the immediate future and many developing countries continue to demand local production of vehicles rather than imports.

Overall, Daimler-Benz expects commercial vehicle output to show a further slight increase this year from last year's total of 210,930.

Kits

Production within West Germany, which fell 9 per cent to 143,100 last year, has been running at about the same level this year. Production of kits for assembly abroad, however, is expected to reach about 27,000, compared with 18,000 last year.

In its foreign works, production of commercial vehicles rebounded last year to 62,295 (from 47,200 in 1983) and is expected to show a further rise this year to more than 65,000.

On its home terrain, Daimler-Benz has been benefiting from a mild upturn in the market, while in some Western European export markets, including the UK, it has made significant advances. Its performance has been boosted by its new light and medium weight trucks.

In its strategy Daimler-Benz is attaching importance to the building up of inter-linked production in various countries. For instance, its works in West Germany, Brazil and the US have been supplying parts for a medium-weight truck introduced in the US earlier this year.

Prof Werner Breitschwerdt, Daimler's chief executive, has pointed out that an international production link has also been set up involving West Germany, Brazil and Indonesia.

Similarly, Daimler hopes eventually to draw its Brazilian works and Freightliner, its US truck subsidiary, into the operations of its Mexican joint venture.

In this project, the West Germans agreed to take a 49 per cent stake in Famsa, a privately-owned company. Output is to be increased and switched progressively to Daimler products.

Meanwhile, Man, the main West German rival to Daimler-Benz, has further consolidated its recovery after coping with the drastic fall in the heavy truck market in recent years. Man's commercial vehicle division reported that it broke even in its financial year to June 30.

In its current financial year, Man expects to increase commercial vehicle sales by 3,000 to 24,000. Man is building up its sale of vehicle parts and components to other producers, including Daimler-Benz. Such sales now amount to more than DM 200m a year and are expected to double in a few years, making up about 10 per cent of the commercial vehicle division's total sales revenue.

Man also sets great store on its arrangement with Eaton of the US, resulting in joint work on the development components.

Man professes to be still interested in supplying vehicle parts to General Motors of the US for its Bedford subsidiary in the UK. But speculation in West Germany that GM might actually take over Man has ended.

Among its various operations abroad, Man has been building up the range of bus production in the US, but says it has no definite plans at this stage for truck production there. In two separate deals with the Chinese, it has been meeting an order for 1,000 heavy trucks and has begun supplying kits for trucks to be assembled under licence.

As with passenger cars, the trend towards more electronics and other advanced developments is increasing the technical sophistication of commercial vehicles. As one indication of this, Prof Breitschwerdt remarked some months ago that Daimler-Benz was laying out about 40 per cent of its DM 1.5bn a year development spending on commercial vehicles.

The West German manufacturers have also taken significant steps to reduce emissions from commercial vehicles ahead of any formal agreement being reached by European Community Ministers.

While the industry and the Bonn government were often at loggerheads over plans for tighter emission controls on petrol-engined cars, there has been a much smoother co-operation on plans for commercial vehicle emission controls.

Output up 13 per cent as exports surge ahead

Japan

IAN ROBERTSON

FOR THE first time ever, annual production of medium and beavy trucks in Japen looks set to break the 1m barrier. Output to September 1985 was up by 13 per cent. This has prompted speculation that the year end total could now exceed 1.1m units — all the more remarkable when viewed ageinst tbe backdrop of falling demand on Japan's domestic market.

After four constructive years of decline, sales of medium/heavy trucks in Japan showed a modest recovery to t21,000 sales in 1984. The improvement was most marked for heavy duty rigid trucks (9-10 tons capacity and over).

Fuelled by a cyclical peak in replacement demand, sales in this category climbed 15 per cent to almost 40,000 units. Tbe beginnings of a recovery in construction activity — the rise in bousing starts has been maintained through 1985 — assisted the revival in Japan's long-distance freight transport industry.

Some relaxation in the governments' fiscal austerity progremme is continuing to bring increased spending on capital works but there has been marked rationalisation by the country's freight baullers. Many single truck operators have gone out of business end ,as a result, the recovery in demand has elready run out of steam, most notebly at the heavier end of the market.

At the same time, increased competition among Japan's heavy truck suppliers — basically Hino, Nissan Dlesel, Mitsubishi and Isuzu — is beginning to eat into margins. And for 1986, a further downturn in demand, of about 4 per cent, is in prospect according to the EIU quarterly, Japanese Motor Business.

Aggresslve sales by the market teader, Hino, have concentrated on the beevy Super Dolpbin and medium Kaze no Ranger models. The company maintains a 30 per cent market share overall, but Isuzu, stronger in the medlum sector, is closing the gap.

Buoyant sales of Isuzu's new N-series have allowed the company to overtake Hino in this year's three-four tons capacity range. Mitsubisbi bas benefited from the first major remodelling of its line in eight years. This brought new medium FK and heavy FM Fuso trucks to market last year. Broadly, new model changes for heevy trucks in Japan occur about every seven to eight years. (Nissan Diesel undertook a major model revamp about six years ago, along with Isuzu.)

In contrast to this picture of static home demand, Jepan's truck exports are surging ahead. Led by the US market, shipments are up by one third. A dramatic rise in exports to China is now easing off as the country moves to protect its dwindling reserves of foreign exchange. (A Mitsubishi contract caused embarrassment in China recently when cracks were discovered in the chassis of a delivery of eight-ton trucks.)

High tariffs

Elsewhere in south-east Asia, sales to Thailand and Malaysia remain depressed, while exports to Saudi Arabia, Iraq and the other countries of the Middle East have fallen back considerably.

Compared with 25 per cent of car exports, Europe accounts for only 6 per cent of Japan's medium/heavy truck exports—most of these to non-EEC countries. A combination of high tariffs, intense competition within Europe and cab and engine configurations not best-suited for European operators have limited penetration so far.

Shipments to the US, however, are expected to approech 600,00 0trucks this year—over one half of Jepan's exports. Nissan Diesel achieved an important breakthrough recently wben it signed an agreement with International Harvester to supply the US company with up to 3,000 "cab-over" trucks per year. First sbipments are scbeduled for early next year, and there are plans to transfer manufacturing technology as well.

Previously Nissan Dieesl bad establisbed a base in Dallas, Texas, to begin the independent distribution of five-seven ton trucks and medium trailer trucks. First sales began in August, and the target for 1985 is 500 units, with full-year sales expected to reach 1,500-2,000 units. Including the IH contracts, Nissan Diesel's US sales are shortly set to reacb 5,000 units—the highest ever for a Japanes heavy truck maker.

In January last year, GM began US imports of built up Isuzu trucks in the 12-13 ton GVW category. Target sales are being lifted from about 800 to 5,000 by 1988. Isuzu is also building its first US plant at Russellville, Kentucky. Production of medium bus chassis begins next spring. The dealer networ kis being built up to 250 by the end of this year and there are plans for US production of class three delivery trucks.

Plans to market an Isuzu beavy dnty truck are also under consideration—but not before 1987. GM bas just raised its stake in Isuzu, clearing the way for increased supply of Japanese trucks to GM affiliates throughout the world. Already the joint Convesco marketing operation is examining type approval legislation in advance of the introduction of Isuzu heavy trucks to Europe.

This autumn, Mitsuhishi began US exports of trucks in the eight-15 ton GVW category. Export versions of the Fighter truck are being supplied in chassis/cab form, with initial sales concentrated in the north eastern states. Shipment targets have been set at 4,000 to 5,000 a year. An agreement with Chrysler has allocated distribution rights for Isuzu trucks in the three-elght ton GVW sector to the US company.

The terms of this agreement may be renegotiated but it is more likely that Mitsubishi will concentrate on the beavier end of the US truck market. Supplementing these ties, in Europe Mitsubishi is involved in collaboration with Daimler-Benz.

Only Hino is going it alone. After talks with Ford fell through, the company agreed last yeer to begin US assembly of five-seven ton payload trucks with Lisa Enterprises. Hino has its sigbts set on annual sales of 5,000 trucks by 1990—up from the present 1,500 target—and the dealer network is being expanded to 85 by the end of this year.

Among the futuristic vehicles on display at the Tokyo Motor Show was this ATP II (Advanced Truck Project II) by Nissan Diesel which features a super engine cooling system and automated mechanical transmission among other advanced technologies

Buoyant market but some doubts

The United States

TERRY DODSWORTH

THE US heavy truck manufacturers have shared in the general wellbeing of the entire automobile industry this year. Sales have moved marginally ahead of the 1984 level, prodnction has been strong, and few individnal manufacturers have had reason to complain.

Next year is also expected to be relatively healthy, although analysts are divided on wbether the stowdown of the economy that has occurred in 1985 will tead to some moderation in shipments.

Doubts about the durability of the industry's present good bealth binge on questions of the overall economy and the replacement cycle for trucks. Many economists are expecting a moderate pick-up in US growtb next year, and others believe that the pent-np replacement demand for heavy trucks remains exceptionally strnng—the average age of trncks in servlee now amounts to about seven years, compared to a normal three to four years.

Some tn the industry believe, bowever, that n steady moderation in sales in the third quarter foreshadows more difficult times as customers tighten tbelr belts in response to fears of a recession. International Harvester, for example, said in its recent third-quarter earnings report that it expected its unit sales to show a moderate decline in 1986.

Even in the buoyant market experienced this year, one manufacturer, Mack Trucks, has been faced with an nphill struggle. The Pennsylvania-based company, known as one of the premier truck prodneers in the US, and controlled by Renanlt of France, revealed the extent of its problems in the third quarter. It declared n loss of $65m and announced a $63m provision to cover the cost of closing its present production plant at Allentawn and building a new one from scratch.

Mack's tronbles appear to be related to the factor that was always regarded as its strength in the past: the vertical integration of production that gives the group control over virtually all the components in the final product, and whicb thus ensures its quality.

The economics of manufacturing these days is running in the other direction, towards bnying in more parts from suppliers, who then have to find the cash to carry the inventories, and who often have lower costs than the final assemblers.

At the same time, Mack's current assembly plant is ontdated and inefficient, with the result that the quality of its vehicles has been ensured at the expense of making it the high-cost producer in the industry. It is now aiming to build what it calls the most up-to-date plant in the US.

The third quarter levelling off in sales experienced by the whole of the US industry came after the strong first half, which followed on from where the industry left off last year. Indeed, even at the end of eight months, registrations remained well ahead of 1984, with the large trucks in the class 7 and 8 categories generating unit sales of 142,340 against 122,580 last year.

Among the leading prodncers, Mack was the biggest gainer in this period, with a 2 per cent rise, although in the third quarter its deliveries declined significantly.

International Harvester, the leading US producer, lost market share a little, falling to 21.5 per cent from 22.9 per cent in the same period of last year, while Ford prodnced a strong performance to push np its share to 21.18 per cent from 20.03 per cent.

Surge

Ford's surge this year was one of the most notable features of the industry, carrying its total sales, at 30,143 for the first eight months, very close to the International Harvester figure of 30,590. An aggressive new model policy is part of the reason for the improved performance as Ford, which is currently planning to introdnce its Cargo cab from Enrope in its medium to heavyweight range.

The recovery in the market has also seen foreign manufacturers begin to consolidate their US base. So far, the US truck industry has not crumb'ed under the assault of imports to the extent of many other established manufacturing sectors in the US.

Bnt Mercedes-Benz, for example, has more than doubled the sales of products nnder its own name plete this year, to 1,250 vehicles from 525, while Volvo'e registrations are np to 1,540 from 1,285 last year, and its White subsidiery to 5,635 from 4,245.

The Japanese are also beginning to settle in for the long haul; Nissan Diesel has recently been advertising its nationwide distribution network.

While the importers are beginning to shows signs of permancy, however, they may well have to face a new competitive drive from International Harvester in the near fnture, as the company recovers from its closeness to bankruptcy. IH, the largest big truck prodncer in the country, is now shorn of its lossmaking farm equipment division, leaving it to concentrate on trucks alone.

The company remains in a difficult financial position, but its recent moves to improve the balance sheet and renew long-term commitments from lenders means that it may well be moving towards a position where it ean afford to reassert its unquestioned leadership of the large truck sector.

Swift moves to find the profitable niches

Japanese makers in the US

KENNETH GOODING

JAPANESE TRUCK producers are moving swiftly into the US market by searching out niches that the domestic manufacturers say would be too expensive to supply with American vehicles. Siguificantly, the Japanese are being aided and abetted in this process by the Americans.

For example, Nissan Diesel recently signed an agreement to supply a new generation of medium weight trucks to International Harvester. These vehicles will use the IH name-plate and go on sale through all tbe US group's 850 dealers.

Nissan expects eventually to export 3,000 fully built-up trucks a year to IH but the US company says that demend for vehicles of this type—with cabs over the engine and diesel power nnits — is not large enough to warrant tooling up for local prodoction.

On the other hand, those 3,000 trucks represent the equivalent of 8 per cent of Nlssan Diesel's total 1984 output of 37,435 vehicles.

The Japanese group also plans to sell, tbrough its own distribution company based in Irving, Texas, e further 2,000 trucks a year in the US using the UD (for "ultimate dependability") badge.

IH entered into a similar arangement for the supply of medium-weight trucks (with what for the States is limited appeal) at the end of the 1970s with Iveco, the Fiat-owned group which is Europe's second-lergest heavy vehicle producer. That deal was terminated because of IH's severe financial difficulties which took it to the edge of bankruptcy.

Iveco decided to go it alone in the States instead and expects to sell ebout 4,000 ligbt trucks there in 1985.

Another Japanese group getting a leg-up from a domestic producer in the US is Isuzu, which makes a broader range of commercial vehicles than Nissan Diesel and produced 343,720 last year.

General Motors, the world's largest automotive group and which has a near-40 per cent shareholding in Isuzu, has for the past year or so been selling aome of the Japanese company's light and medium-weigbt trucks through its GMC and Chevrolet dealer networks.

In the first year, when two versions of a Class 7, forward-control model was being sold by GM as the GMC Forward and the Chevrolet Tiltmaster, some 1,065 were registered. GM expects sales of that model to be about 2,000 this year.

This antumn GM found more niches in its product line-up and has introduced a third version of the Class 7 Isuzu truck and also a Class 3 (11,000 lb gross weight) vehicle.

The supply agreement between Isuzu and GM lasts initially to 1990 but does not exclude Isuzu selling the same vehicles through its own distribution organisation in the US.

Isuzu started selling Class 3 lightweight trucks throngh its own company, based in South El Monte, California, last September. Its aim was to sign more tban 250 dealers in 20 states by the end of 1985 and to import 5,000 of its new Class 3 NPR turbocharged diesel trucks this year after getting the ball rolling in the States with the old KS Class 3 models.

The company says it simply has no competition outside GM's versions of the same vehicles because no one else offers diesel-engined Class 3 vehicles in the U.S. and in any event the class is a very small one in terms of annual sales.

Somewhat ironically, GM says it is using the Isuzu imports to fill out gaps in its range partly because it believes that Hino, the major Japanese heavy truck producer and a group closely linked with Toyota, will aggressively attack the Class 7 diesel sector in the Stales.

Hino has been selling medium trucks in the US since January last year and says it intends eventually to offer a broad range of vehicles, from Class 3 to Class 8. At first, however, it expects to benefit from a relatively rapid growth in the use of diesel engines in the lightweight Class 3 to Class 5 sectors currently dominated by petrol-engined vehicles.

It has surprised the US industry by departing already from the usual Jepanese approach—offering vehicles only with its own driveline (engine, gearbox, axles). Class 6 and 7 Hinos in the States can have optional Cummins engines, the result, says the Japanese company, of a ten-year exchange of information between the two groups.

Hino also offers as an option Eaton two-speed rear axles.

For its US venture Hino has linked with Mitsui, the major Japanese trading house which also has long been associated with Toyota. Together they have set up an importand distribution organisation at Orangeburg, New York.

Subsidiary

However, the first Hino trucks went on sale in the south-east of US tbrough a subsidiary of an independent distributor, Lisa Enterprises of Deerfield, Florida.

The Hino-owned company is looking for slow, deliberate expansion of sales territory and model lines, and wants to feel its way carefully to see just what the market demands.

The two Hino distribution companies between them save more than 20 dealers and expect to sell about 1,000 trucks this year.

They will build a dealer network to cover all the States and to be selling 5,000 trucks a year by 1990. That compares with Hino's output of 60,845 last year.

The Japanese attack on the UK truck market will not end there. Mitsubishi, which last year produced 547,320 commercial vehicles and uses the Fuso name on its trucks, intends to enter the fray in 1986.

On this and the next two pages **Kenneth Gooding** examines the fortunes and progress of Europe's leading companies.

Battle for productivity

IVECO, Western Europe's second largest heavy trucks group, celebrates its tenth anniversary this year — and what a turbulent ten years it has been.

The company brought together the commercial vehicle interests of Fiat of Italy — including OM and Lancia in that country and Unic in France — with those of Magirus Deutz in West Germany.

And Iveco has continued to be interested in co-operative ventures ever since. During the past three years it has been involved in a joint project with Rockwell, the US group, to produce a range of heavy truck axles at a new heavily-automated factory in southern Italy.

More recently it has been engaged in serious discussions with Ford of Europe's truck business about possible co-operation in the components area, talks which are still going on.

In the early years the new group, which was registered in neutral Amsterdam (which also offers tax benefits) concentrated on rationalising production and eliminating duplication of facilities.

By the time Iveco was ready to take advantage of the improved production base, economies of scale and the steady stream of new products which began to emerge, world truck demand collapsed.

Further tribulations were

Iveco

caused by Deutz's decision to take advantage of a clause in the original deal allowing it to pull out after five years. Deutz said it wished to concentrate on selling its diesel engines to a wide range of customers and its close relationship with Iveco was standing in the way.

After some acrimonious negotiations, Deutz sold its 20 per cent shareholding in Iveco to Fiat which said then, as it continues to repeat today, that it would prefer to find a buyer for that 20 per cent minority interest.

During the early, expansionist days Iveco had merger talks with Leyland in the UK and approached International Harvester to buy its British subsidiary, Seddon Atkinson, but eventually decided to build up its position in Britain via its own sales company.

Iveco's "go for growth" period, under managing director Mr Giorgio Manina, ended in May 1984 when the group finally accepted that it could no longer expect to boost substantially its share of world truck markets and European markets—in particular because competition was too severe and there was so much excess capacity.

Mr Giorgio Garuzzo took over as managing director to try a new tack. He has been cutting costs in all areas to bring down the level of output at which Iveco can break even.

He says: "We have improved every line in the balance sheet. We have improved margins by reducing discounts in many markets. We have reduced production costs by increased efficiency and with the help of vendors. We have reduced overheads with the help of plant closures."

Iveco has closed a bus plant in Mainz, West Germany, with the loss of 1,400 jobs and a medium truck factory at Trappes in France where 1,250 redundancies were involved.

As a rough and ready guide to increased productivity, Mr Garuzzo points out that in 1975 the company produced about 98,000 vehicles (the same as expected in 1985) but had some 52,000 employees compared with 35,600 today.

Two-thirds of Iveco's production costs are accounted for by materials and components bought from outside suppliers in Italy, France, West Germany, and the UK. Iveco has been working with suppliers on efficiency targets.

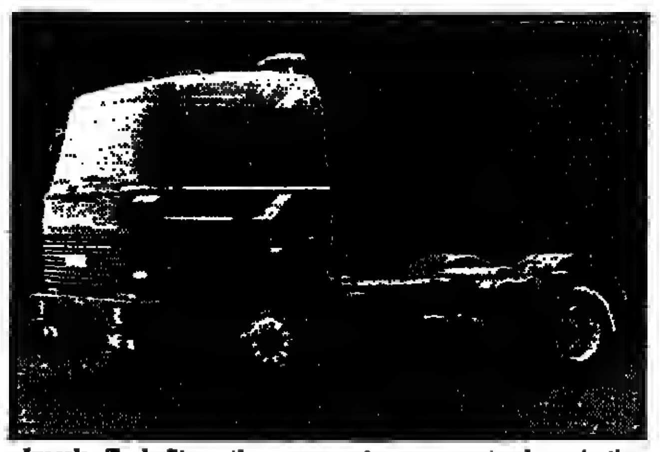
Mr Garuzzo suggests that whereas Iveco has only a limited opportunity to employ automation at its factories—although more will be used to build modules (sub-assemblies) away from the main assembly lines—most supplies can benefit from intensive automation.

According to Mr Garuzzo, Iveco's break-even level of commercial vehicle output has been reduced from 120,000 five years ago to 90,000.

He forecasts that production this year will be between 96,000 and 98,000, equal to expected deliveries because stocks have been reduced to a minimum. Output and deliveries should remain at about this level in 1986, he adds.

Iveco last made a net profit in 1982—some Fl 16.4m ($5.6m) down from Fl 56.2m the previous year. In 1983 the loss was Fl 232.6m and last year worsened to Fl 395m.

But Mr Garuzzo believes that Iveco can return to profit in 1985. It was in the black half-way through the year and he expects it to do better than break even for the full 12 months.



Iveco's TurboStar, the company's new contender at the heaviest end of the market.

Caution on partnerships

THE UNCERTAINTY which has plagued Enasa, the state-owned Pegaso truck group of Spain, in recent years has flared up yet again.

Discussions which for some months looked virtually certain to result in General Motors, the world's largest automotive group, taking control of Enasa, ended inconclusively.

GM, which owns Bedford in the UK where Enasa also has a subsidiary—Seddon Atkinson—said it was not ready to move to the next stage of the negotiations: talks about terms for taking a shareholding in the Spanish company.

This is not the first time that the Spanish Government's plans to sell its truck business have foundered. International Harvester of the US actually moved in with a new management team at one stage, only to withdraw shortly afterwards because IH ran into severe financial difficulties and decided to pull out of truck production everywhere but North America.

Enasa now finds itself in a position where GM might still come back for more talks in the future and the Spanish Government might even consider a scheme put up by Toyota, the biggest Japanese automotive group.

Toyota, like GM, has taken a very close look at Enasa and all its operations and says it would like to form an association—but in a gradual way, taking it step by step.

The Enasa management, having worked successfully for a while with IH, clearly would prefer an American partner and is not particularly keen on the drawn-out process which the ultra-cautious Japanese company proposes.

Enasa is under no particular pressure to rush into a deal for its heavy truck business. But

Enasa

there is some urgency as far as its light commercial vehicle operations are concerned.

It badly needs a replacement for its ageing J4 van, particularly because the tariff barriers which have protected the Spanish producers are due to be dismantled gradually after the country joins the European Community in January.

There seems little doubt that the J4 will be replaced by a Japanese-designed vehicle. GM has offered one from Isuzu, its Japanese associate, and both Toyota and Nissan would be willing to provide a licensing deal or joint venture in which some Spanish components would be incorporated in the Enasa versions of their vans.

On the heavy truck side, Enasa has the benefit of the investigations made with GM and Toyota and it knows what they consider should be done.

For example, the joint plan on which Enasa was working with GM suggested that the workforce, already cut from 12,500 in 1978-79 to 8,500, should be cut by a further 1,600 by an extension of the costly early retirement and voluntary redundancy programme.

Enasa last year concluded a joint venture with Daf of Holland to develop and produce a heavy truck (20 tonnes to 40 tonnes) cab. Daf had done most of the development work and the total cost to be shared is about Fl 140m (£34m). So the cab, which will also be suitable for use by Seddon Atkinson in the UK, should be ready for introduction in the early 1990s.

The partners will share production of cab components but do their own final assembly and trim.

The Spanish Government injected Pts 12bn (about £53m) into Enasa last year as part of a three-year programme costing £4bn for restructuring ailing industrial sectors of the economy. It did so partly in recognition of the progress Enasa had been making.

Enasa's total vehicle output in 1985 is expected to be about 12,000 compared with just over 13,000 last year. This year's output will include about 2,700 vans, 1,500 buses, 600 agricultural tractors and 350 armoured vehicles.

Fast moves to secure markets

DAIMLER-BENZ, the Mercedes group, has carefully cultivated a reputation for being ultra-cautious and conservative. But in the past year the West German group has shown that, when necessary, it can throw off the mask and present a highly-aggressive and opportunistic side of its personality.

Two deals in particular have created tremendous interest: the acquisition of a majority shareholding in Dornier, the West German aerospace company, and the bid for control of AEG, a cash-poor company with a rich store of advanced technology.

These purchases gave D-B access to advanced new materials and technologies which might have been too expensive to develop for cars and trucks alone. Dr Gerhard Liener, the board member responsible for D-B's overseas subsidiaries and affiliated companies, explains: "We must think of our sons"—an oblique way of suggesting that the long-term health and development of the group was at stake.

Daimler-Benz

Somewhat overshadowed by the two "high-tech" deals was one which was of equal importance to D-B's long-term strategy—acquisition of a 49 per cent stake in FAMSA (Fabrica De Autotransportes Mexicana) in Mexico.

This purchase, which brought with it technical management of FAMSA, showed D-B's determination not to lose its position as the world's number one producer of heavy trucks (over 6 tonnes gross weight).

In pursuit of that objective the group attempts to leave no single market untapped and to set up local production when the population of a country is large enough to justify the investment.

For many years D-B has been attempting to find a way into Mexico. Mr Hans-Jurgen Hinrichs, the sales director, admits: "That white spot on the map annoyed us."

The chance to place the D-B flag in that "white spot" came because the Mexican Government decreed that from November this year no truck over 9 tonnes gross weight could be sold in Mexico unless it is powered by a diesel engine.

This sparked off a re-alignment among the heavy truck producers in Mexico: DINA (Diesel Nacional), a state-owned group, and FAMSA, the only private enterprise company authorised by the Mexican Government to produce diesel engines.

Up to now both companies have been offering engines sourced from the US, from International Harvester and Cummins. General Motors, Ford and Chrysler also produce heavy trucks in Mexico but used petrol engines.

GM, the world's largest automotive group, which today is showing as much aggression as D-B in its search for a bigger share of the truck business outside North America, rudely interrupted discussions between DINA and D-B.

And the US group snatched DINA from D-B's grasp, clinching the deal to buy 49 per cent of the Mexican company by promising the government it would make sure that DINA exported products worth at least $500m a year.

In spite of this setback, D-B did not walk away—"that would not have been commensurate with our worldwide objectives," Mr Hinrichs points out. But the only company left available was FAMSA which was set up in 1979 and has been producing medium-sized commercial vehicles and agricultural tractors under an agreement with International Harvester at a plant near Mexico City.

Ford, Chrysler and IH all competed with D-B for FAMSA as it was their last chance to stay in the market. D-B emerged victorious but does not reveal the price.

D-B will now change FAMSA's truck, bus and engine products over the next three years, aiming to build towards an 80 to 90 per cent Mexican content in three to five years.

FAMSA has entered into a know-how agreement with Freightliner, D-B's heavy truck subsidiary in the States, to produce the US company's trucks and will also build medium-duty Mercedes vehicles of the type made by D-B in Brazil—rather old-fashioned trucks suitable for developing countries rather than sophisticated industrialised markets.

The Mexican company's truck output is forecast to rise from an annual 2,400 to 10,000 by 1990, a useful addition to D-B's worldwide production.

To put this in context, D-B expects to produce more than 140,000 commercial vehicles in its West German factories in 1985, roughly in line with last year's 143,100, and about 27,000 vehicle kits (18,000 last year) for assembly abroad. Production at D-B's factories outside Germany should reach 65,000 (up from 62,300 last year) so that in total, sales and production of commercial vehicles this year should increase slightly from the 210,930 for 1984.

Freightliner's chief executive, Mr Peter Rupp, has joined the FAMSA board, a clear hint that close links will develop between the Mexican and the US companies in the not too distant future.

D-B bought Freightliner from Consolidated Freightways in 1981 at a time when the unparalleled slump in truck demand in the US had weakened the domestic industry and encouraged those groups not totally committed to quit. (White Truck and Mack also went into European hands at about this time).

The German group had done its homework well and pounced on Freightliner in opportunistic style, paying $260m to gain a solid footing in the world's largest heavy truck market.

Mr Hinrichs suggests that D-B's policy of "trying to be everywhere in the world, even when the prospects in the short term don't appear to be too great," will continue to pay dividends of the type the group collected when its patience and persistence in the Middle East was rewarded in the startling truck sales boom after the mid-1970s oil price rises.

There are still some gaps in D-B's world coverage but it is talking seriously to the Chinese about truck sales and assembly and seriously contemplating putting its trucks on the Japanese market.

In spite of all the cash it has spent, D-B remains a very rich company. Capital spending on its car and truck operations is slowing down in real terms because new product ranges have been introduced and the reorganisation of production facilities is completed.

Cost-cutting turnround brings a profit

THE WEST GERMAN establishment banded together earlier this year to make certain that MAN, second largest of the country's heavy truck producers, remained out of the clutches of General Motors, the world's biggest vehicle producer which has been very actively seeking acquisitions to build up its commercial vehicle interests outside the US.

MAN was vulnerable because it plunged into losses — DM 4??m ($183m) in the two financial years to June 1984—after an order for 2,000 trucks for the Middle East was completed but then cancelled. This caused the company and its parent group GHH (Gutehoffnungshutte) West Germany's biggest engineering company, to take stock.

The advances of GM, which owns Bedford in Britain, must have been enticing, but MAN

MAN

set about solving its problems, cutting costs to reduce the break-even level of output to match expected demand.

By the middle of 1984 the rationalisation had involved a 25 per cent or 6,000 reduction in the workforce, to 17,500.

MAN made a profit of DM 407.5m ($155m) in the year which ended on June 30, made up of a marginal operating profit of DM 32.5m and exceptional gains of DM 375m from the sales of its 50 per cent shareholding in MTU (Motoren- und Turbinen-Union). MAN celebrated its return to something like financial health by declaring a DM 2 dividend per share for the year.

According to Dr Gunter Dietz, head of worldwide sales, MAN will be profitable in the current financial year.

As the financial results show, it was MAN's major rival in West Germany, Daimler-Benz, which came up with a suggestion to boost MAN's finances. D-B offered to buy MAN's half-share in MTU, a company they jointly owned. MTU produces huge diesel engines.

Dr Dietz says that MAN had been considering the sale of its MTU interest for some years because there had been no transfer of technology between the two companies — MTU engines are too large for that.

Dr Dietz also stresses that there was no question of MAN needing the cash from the sale of MTU to cover its losses. Losses had already been covered by reserves. So the MTU money will be employed for the future model programme.

All this helped convince GHH that it should support the MAN board, which remains resolutely against the sale of the commercial vehicle business.

And that suits D-B very well. West Germany's largest truck producer had helped prevent GM, an unwelcome intruder, making its way into its domestic market. MAN accounts for about 10 per cent of West Germany's heavy truck market, a useful starting point for any one of D-B's competitors wanting to erode the group's dominant position and market share of well over 50 per cent.

Equally important from D-B's point of view, the acquisition of MAN's truck operations or some kind of co-operative venture, would have provided GM with a substantial base upon which to build a very aggressive European business.

Disposal of the truck division would have dramatically changed MAN's character because the commercial vehicle operations accounted for more than half the group turnover—DM 16.6bn in the year to the end of June 1984.

Instead, GHH is now talking about a full merger with MAN, in which it currently owns 75 per cent, to create a better-integrated group based in Munich. The merger plan is due to be considered at the MAN annual meeting in February.

Dr Dietz maintains: "Our recovery is progressing according to plan. In some important areas it has gone considerably further than envisaged by the plans, for example, in the reorganisation of the whole of the model programme."

He acknowledges that MAN will need a new heavy truck cab before long but insists it will be worth while for the company to develop its own rather than become involved in a joint venture.

Dr Dietz maintains that MAN's break-even point is now down to 16,000 vehicles a year and points out that output has been below that level only once in the past 10 years — after the collapse of the deal with Iraq.

MAN's peak output so far was 27,000 vehicles in 1981 and last financial year it delivered 20,905, including 15,330 trucks of over 9.6 tonnes gross weight, 3,300 of the medium-weight vehicles made jointly with Volkswagen, and 2,275 buses.

This compares with the 19,030 vehicles delivered in the 1983-84 financial year. MAN expects to deliver 24,000 vehicles in the current year, another 15 per cent increase.

Truck capacity is now about 27,000 on two shifts and MAN can also produce a maximum of about 1,600 buses annually.

Dr Dietz says: "We will be satisfied to keep production at about 20,000 units a year. Western Europe, including West Germany, is becoming more and more like a domestic market for us. In the medium and long-term we want to sell 80 per cent of our production there."

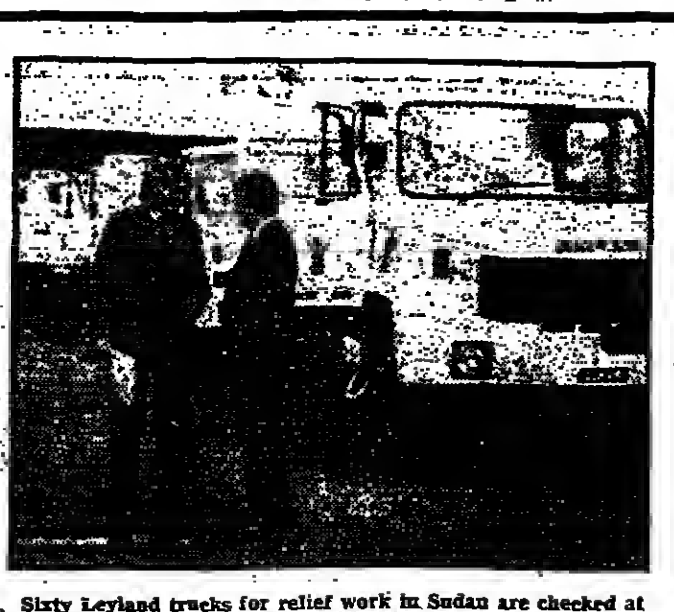
However, Arab markets such as Saudi Arabia, Oman, Jordan and Kuwait, will continue to play an important role and: "MAN will have an appropriate share of the opportunities China has to offer."

MAN already has signed a deal with China Industry Corporation to supply heavy, three-axle trucks for final assembly in China. CIC will instal capacity for the assembly of 5,000 trucks a year and hopes to reach that level of output in only two years. The 22-30 tonne trucks will be used off-road for gas and oil exploration work.

MAN's rationalisation has seen production of heavy trucks now largely concentrated at the Munich plant, with special-purpose vehicles and buses assembled in Salzgitter together with the MAN-VW models. Medium weight trucks can be assembled either in Munich or Salzgitter.

By the end of 1986 the Salzgitter plant will take over the work of the Braunschweig plant, that is the production of crankshafts, front axles and older spare parts as well as reconditioning engines. Braunschweig will then be closed.

Engine development and production will remain at Nuremberg while in Penzberg MAN will continue to produce components and platforms for the assembly plants.



Sixty Leyland trucks for relief work in Sudan are checked at Southampton Docks by Hugh Mackay (left) of the Save the Children Fund and Geoff Jackson, Leyland Trucks' North Africa director

European truck demand and production (000s)

	1980	1981	1985	1986	1987	1990	1993
Production							
Germany	180.9	118.1	126.5	126.1	122.1	137.8	147.1
France	61.3	40.3	29.3	32.3	34.8	37.7	37.8
UK	106.5	50.4	56.3	57.6	56.2	38.9	34.7
Italy	42.2	39.4	48.0	48.0	47.7	50.8	53.4
Spain	22.7	16.0	17.2	16.1	17.7	20.6	22.5
Sweden	55.1	55.0	56.4	58.6	59.9	63.9	67.2
Netherlands	15.9	12.4	12.4	12.9	12.8	13.8	13.9
TOTAL	484.5	331.5	346.0	351.6	351.2	392.6	396.6
Demand							
Germany	78.5	53.7	53.7	58.5	52.2	67.5	74.1
France	43.7	41.7	35.7	38.6	41.2	43.6	43.1
UK	61.3	52.8	53.0	58.7	56.9	38.3	56.8
Italy	28.8	21.2	23.6	24.2	23.6	24.2	25.7
Spain	19.0	14.3	13.5	15.0	16.6	18.7	20.3
Sweden	7.5	5.4	6.1	6.1	6.0	6.6	6.8
Netherlands	13.8	10.7	11.8	11.1	11.1	12.1	13.8
Belgium	9.2	6.4	7.4	7.2	7.5	7.3	9.2
Switzerland	3.8	2.8	3.0	3.2	3.1	3.4	3.7
Austria	[illegible]	[illegible]	4.7	4.9	5.0	3.1	5.7
Denmark	4.1	4.2	5.1	5.3	5.4	5.5	3.7
TOTAL	275.4	217.7	219.5	232.7	228.6	252.3	266.9

Source: DRI Europe

Talks with GM amid mixed fortunes

THE HARD battle for survival by Leyland Trucks, Britain's state-owned vehicles company, has taken a recent unexpected turn. Its parent, BL, has been talking to General Motors, biggest automotive group in the world and the one which owns Bedford in the UK.

The industry seems convinced that the discussions might lead to a merger.

Neither of the interested parties is giving any public hints about the topic of the negotiations which could turn out to be much less exciting, such as Bedford buying heavy truck cabs from Leyland, for example.

Meanwhile, as the outcome of talks is awaited—an announcement could be made in the New Year—Leyland's fortunes continue to be mixed. But, according to Mr Les Wharton, the managing director, the company remains on target to return to profitability by 1987.

Leyland recently has had to announce yet another round of job losses, comparatively minor by past standards but involving 125 voluntary redundancies and early retirements at the Spurrier engine plant at Leyland in Lancashire where the mainstream power units, the TLK11 and 400-series, are produced.

In contrast, almost simultaneously, Leyland revealed that it is to go ahead with a £9m modernisation programme for the Albion axle plant at Scotstoun, Glasgow.

The latest job cuts are timed to coincide with the closure next March of the former export truck plant at Bathgate in Scotland, in March — a closure announced two years ago.

Leyland blamed lower than hoped for export orders for the Spurrier cuts, but the loss of a major customer for engines — the Marshalls tractor company of Gainsborough which called in a receiver in October—must have played some part in the decision.

At one stage Marshalls was actually negotiating to take over part of the Bathgate facility and save some jobs by producing engines there.

By next spring Leyland Trucks will have cut its workforce by half in four years, from more than 12,000 in 1982 to about 6,500.

This has been part of the drive towards profitability spearheaded by Mr Wharton, an accountant who took over as managing director of Leyland Trucks in May 1983 with instructions to bring it back to profit or close it down.

There has been enough progress for Leyland to continue with the Albion expansion project first mooted in 1981 when BL's commercial vehicle organisation was radically reshaped and when most of the redundancies were announced.

In the so-called "radical plan" Albion was to become the axles production centre for Leyland Trucks. Since then, Mr Wharton says, Albion has shown by continued improvements in efficiency that it is capable of maintaining that role against fierce competition from other axle manufacturers whose prices and levels of quality and performance have been used as a benchmark.

The introduction of automated equipment, closure of about 40 per cent of total factory floor space and improved, flexible working practices will almost double Albion's current capacity of 30,000 axles a year.

Leyland

Leyland hopes Albion will be able to sell some of the output to other truck assemblers.

When Bathgate closes, Leyland will have truck assembly split between Scammel at Watford, where eight-wheelers, twin-steer Roadtrains and heavyweight special vehicles for the UK and export markets are made, and the Leyland assembly plant (LAP) at Leyland, Lancs.

LAP, which cost £32m, was opened in 1980 to build only the top of the range Roadtrain models, launched the following year as the first vehicles in Leyland's product renewal programme. Over the subsequent years, however, closures and rationalisation have brought all the trucks, apart from the Scammel models, to the Lancashire plant creating in the process a modern, flexible, medium-capacity plant.

The latest model to go into production there, following an investment programme which absorbed about £320m of the £2bn pumped into BL by UK governments, is the Roadrunner which competes in the high-volume, 7.5-tonne sector of the British market.

Leyland is relying on Roadrunner to help it regain the heavy truck market leadership in the UK it lost to Ford in 1977. And Mr Wharton says it will "set the seal on Leyland's return to viability." Progress has not been as fast as some Leyland executives had hoped, however.

By the end of October the Roadrunner, launched in September 1984, had helped the company's registrations of trucks over 3.5m tonnes gross weight in its domestic market improve by nearly 6 per cent, from 6,650 in the first 10 months of 1984 to 7,470.

But this was not much faster than the overall growth in the sector.

Leyland's share of the heavy truck sector moved up from 14.8 per cent to 15.4 per cent. In the meantime, Ford's share remained almost stable at 18.2 per cent.

On the profits front, the truck operations are included in the results of Leyland Vehicles which also takes in the extremely troubled bus business and the profitable spare parts organisation.

BL gives only Leyland's results before tax and interest which are not particularly illuminating. However, the company seems to be heading in the right direction.

Leyland Vehicles suffered a loss before interest and tax of £61m in 1984, down from a loss of £70m the previous year. The improvement continued in the first half of 1985 when the operating loss was £23.5m compared with one of £33.7m in the same months last year.

Mr Wharton says the losses are still totally unacceptable, "but at least we are making progress."

Jobs go to cut losses

RENAULT Vehicles Industriels, the commercial vehicle subsidiary of the state-owned French group, is concentrating most of its attention on dealing with its current, huge, losses, says Mr Philippe Gras, the chairman.

Of course, the company has a clearly-defined, medium-term strategy which involves close co-operation with Mack Trucks, its associate in the US, as well as joint ventures with major components suppliers.

But, admits Mr Gras, when the immediate problems are as large as those facing RVI—which suffered a loss of nearly FFr 3bn in 1984—those difficulties must be attended to before its longer-term plans have any credibility.

Mr Gras, formerly the company's commercial director who took over when the previous chairman, Mr Pierre Semerena was promoted with the Renault group earlier this year, itemises the list of problems:

RVI still has too many people on the shopfloor and on its staff; it has too many production sites; inventories are too large; the subsidiaries in the UK and Spain are losing too much money; and the company is making too many of its own components.

And he insists: "We must put our own house in order. We cannot rely on any help from the parent company. Renault has enough financial problems of its own." (The total Renault group suffered a record FFr 12.5bn loss in 1984.)

To tackle the people problem, RVI has put into effect this year a voluntary redundancy and early retirement programme which should reduce its workforce by 2,500 by the end of the year.

What of 1986? There is no guarantee that no more jobs will have to go.

RVI's policy does not involve the closure of complete factories but it wants to shut down the less-efficient operations within plants and transfer the work to more effective locations.

Mr Gras admits that some small sites might be closed completely but it would be impracticable to contemplate closure of a major facility.

"We must not forget that we are a nationalised company and that we are often the biggest employer in the areas in which our factories are located. In Limoges, for example, we are the only big industrial employer."

As for the subsidiaries outside France, Renault Truck Industries in the UK has been steadily reducing its losses — they have been cut from £26m in 1981 to a pre-tax £10.2m last year—and Mr Laurent Brisset, chairman of RTI, still believes his company can pass the financial breakeven point within three years.

In Spain, RVI's negotiations with the local government reached a successful conclusion recently. The Spanish authorities will make a Pta 2bn subsidy to help put RVI's subsidiary there back on its feet.

A rationalisation programme can now go ahead, says Mr Gras. This will involve a cut of 500 in the 2,500 workforce, to produce a more productive company. Some old-fashioned components used by the Spanish subsidiary, such as cabs for heavy trucks, will be replaced by modern ones supplied from France.

In exchange, the Spanish company will become the sole supplier of some components to the whole RVI group.

The upshot of all this, says Mr Gras, is that the Spanish business should be profitable by the end of 1986.

Mr Gras suggests that RVI is too vertically-integrated at the moment, making everything from forgings and castings to finished vehicles. In future the company will maintain engine development, cab production and vehicle assembly operations, but everything else might be handed over to outside suppliers or be the subject of co-operative ventures.

Renault

"We cannot expect to do everything on our own," Mr Gras says. "We will develop co-operation with some big, reliable, financially-strong companies, those with technological leadership in their own particular areas. We are having many discussions along these lines at the moment."

The only talks admitted publicly, however, are those with the US group Rockwell. The two companies are engaged in a feasibility study which might lead to the joint development, manufacturing and marketing of some heavy duty truck transmissions worldwide. Mr Gras says the discussions, which started in June, are on schedule and will probably produce another announcement early next year.

Mr Gras says RVI is not actively searching for co-operative ventures with rival truck manufacturers — but would not turn down any interesting approaches. All RVI's future development work for engines, cabs and so on will be in close co-operation with Mack in which the French group now has a 42 per cent shareholding and the option to take control at any time.

This process will take time, Mr Gras admits, because: "Each company is proud of its own achievements. So we can only think in terms of major components for the future, not changing anything in the present ranges."

Mack recently announced rationalisation plans of its own. It will close its large manufacturing facility at Allentown, Pennsylvania and replace it with a state of the art plant to be completed by the middle of 1987.

The move will reduce Mack's existing capacity at Allentown from about 100 trucks a day to 70. The company believes it will be able to save $80m a year before taxes with the new facility.

The restructuring plan led to a $70m pre-tax provision in Mack's third-quarter accounts which therefore showed a net loss of $64.5m compared with earnings of $24m in the same period of 1984. In 1984 Mack showed a net profit of $74.9m against a net loss of $26.2m for the previous year.

Mack sold 25,615 trucks in North America last year, up from 15,040 in 1983, including 6,400 imported from RVI and sold as the Mack Midliner. Sales of both Mack-produced trucks and imports from France will decline this year in line with the fall in total demand in North America.

Mr Gras estimates that RVI's production this year will decline by about 5 per cent from last year's 27,900.

RVI reduced its loss in the first half of 1985 from FFr 1.2bn to FFr 800m and, without giving too much away, Mr Gras hints that the improvement has continued in the second half.

"We have improved the 1985 result by a wide margin compared with 1984 in spite of difficult conditions and price wars in the truck markets in France and Spain. We are like a ship going in the right direction. But 1986 will be more difficult than in 1985. Now we have done all the things that obviously needed to be done, the job becomes more difficult."

However, RVI still hopes to return to profitability by 1988, he insists.

Aiming to be among global producers

MR STEN LANGENIUS, president of Volvo Truck Corporation, forecasts that the heavy truck industry will become increasingly polarised.

There will, he says, be a few local assemblers specialising on a local market and also on specific sectors of a local market. "We see these assemblers in the US, the UK, Finland, to mention a few examples, and we will see the world contenders, the companies with strong international operations, aggressively developing driveline components and truck chassis."

It is essential that Volvo remains among the "global" producers, he says.

"From being a European manufacturer in the 1970s, Volvo has changed to become an international truck manufacturer. Our objective is to establish and strengthen our position on the world market.

"We will continue to be one of the viable international truck companies even in the 1990s. We will have engineering and manufacturing resources for trucks and components in many countries, coupled with a worldwide communications network serving an efficient sales and service organisation in most major markets.

"For us it is not just a question of being an international or national company, we need our coverage to remain competitive. We have to look at the world as our home market."

This is because Volvo intends to remain an integrated manufacturer, one which produces its own driveline components such as engines, gearboxes and rear axles.

"We are committed to this philosophy for many reasons," Mr Langenius says.

"It enables us to match the performance of the engine with that of the gearbox and rear axle and gives us better control of overall quality and performance. It also enables us to support and service our customers in an efficient way, and it gives us access to a captive aftermarket."

This approach has stood Volvo in good stead since the Swedish parent group set up a separate truck organisation in 1969.

Volvo

Volvo Truck even made a profit in the tough year of 1983—SKr 437m at the operating level—and then returned to a more-normal SKr 1bn operating profit last year.

"We are not satisfied with this result, but we have to accept this level considering the very competitive situation in our industry," says Mr Langenius.

Volvo ranks number three among world manufacturers of heavy trucks. It sold 42,000 vehicles in 1984 of which 36,000 were above 16 tonnes gross weight, or Class 8 as they are known in the US.

The total included trucks produced by Volvo's subsidiary Volvo White in the US, which sells White and Autocar vehicles. Volvo acquired the assets of White in 1981 as part of its drive towards becoming a global producer—it already had subsidiaries in Latin America and Australia.

Mr Langenius says Volvo's vehicle output this year will remain about 40,000 to 41,000 (against 40,800 in 1984) because of the major fall in demand in Middle East markets—total truck demand there has slumped from 70,000 in 1982 to only 15,000 to 17,000.

Sales in the US will move up slightly to 11,000 to 12,000, however (10,800 last year) reflecting previous high order books. Incoming orders have fallen though.

As a result, Volvo Truck will do well to match the 1984 profit this year, suggests Mr Langenius—"but it won't be too bad." Next year will be even more difficult in view of expected lower demand.

But Volvo has new products which should enable it at least to keep its market share—it estimates it has roughly 9 per cent of the world market for heavy trucks excluding Comecon and China—and maintain volume.

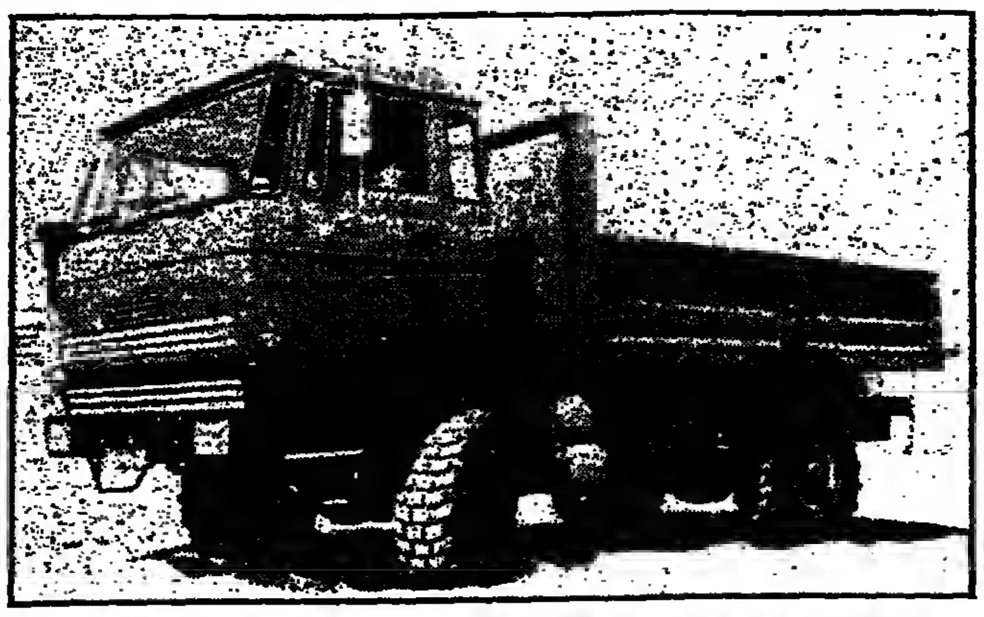
In September the company announced an almost complete overhaul of its truck range, including new cabs, engines and chassis frames developed over the past seven years at a cost of SKr 1bn.

The new ranges are being introduced simultaneously throughout Western Europe in the biggest launch programme Volvo has ever attempted.

Mr Langenius points out that the company must keep volume and share moving steadily in an upward direction if it is to cover development costs which are increasing strongly. The company allocates about 10 per cent of annual sales—which last year totalled SKr 87bn—to product development and investments.

Volvo's future size depends on those product development demands, he points out. However, even spending at the rate of 10 per cent of annual sales, Volvo could survive for some years with a vehicle output of about 42,500 a year.

Volvo's new FL7 Intercooler Tipper



One of 16 DAF FAV four-wheel-drive trucks for famine relief work in Mozambique, part of three orders for almost 200 DAF vehicles this year by the aid organisation World Vision

Building on US foothold

SCANIA, LIKE its Swedish rival Volvo, has come to the conclusion that it needs to have a solid foothold in the US, the world's largest heavy truck market to prosper as an integrated vehicle producer—one making its own driveline components such as engines, gearboxes and axles.

However, whereas both Volvo and Daimler-Benz — Scania's other major competitor—were able to acquire substantial existing businesses in the US (White Motor and Freightliner respectively) Scania has had to build up operations from scratch.

In May Scania put its heavy trucks on sale in the US for the first time and series production of vehicles adapted for the American market is now under way in Sweden.

Mr Georg Karnsund, president of the parent group, Saab-Scania, says his company has had its eye on the US truck market for ten years. But it waited until it had introduced a new truck range, one result of Saab-Scania's SKr 10bn product investment programme over the past five years, before making the move.

Scania decided to go it alone in the States simply because no suitable partner could be found, he says. Two Scania test fleets have been operating for those 10 years on long-haul work and "the companies using them want more," according to Mr Karnsund.

The Scania trucks being sold in the US are in Class 8, the heaviest truck class in that country, with gross weights of 15 tonnes and upwards.

They are being built in Sweden and fitted out for the US market at a plant owned by Saab-Scania in Orange, Connecticut, near Scania's bus assembly plant.

In the initial stages of the launch only a limited selection of the full Scania range will be

Scania

imported to the US and sales will be concentrated in the north-eastern states.

The company knows it will take time to make its mark in a country where integrated trucks are the exception rather than the rule. It hopes to sell about 50 heavyweight trucks this year in the States, 170 in 1986 and 270 in 1987.

Meanwhile, Scania continues to recover from the relatively poor year it suffered in 1983. Last year the company sold 23,980 trucks and buses, an increase of 25 per cent on the 19,160 for 1983.

Deliveries increased to most markets, mainly in western Europe and south America but also to the Middle East and Australia. The Middle East recovery was welcome because in 1983 Scania shipped 2,900 fewer trucks to Iraq, which had been 2,000 to 3,000 a year, fell to below 30 in 1983.

Scania's operating income after depreciation increased by 38 per cent in 1984 to SKr 1.49bn against SKr 1.08bn in 1983.

Mr Karnsund says higher utilisation of capacity, continued rationalisation and increased earnings in the South American subsidiaries contributed to this improvement. The company's return on capital improved from 18.5 per cent to 21.9 per cent.

The favourable trend has continued so far this year and in the first eight months the value of sales of trucks and buses increased by 18 per cent to SKr 6.62bn, up from SKr 5.6bn. Vehicle deliveries improved from 14,700 to 15,925 in the eight months.

Productivity at the Swedish plants has been improving because there are fewer parts in the new truck range, and new manufacturing technology has been introduced. Production times in the cab factory at Oskarshamn and at the chassis assembly plant at Sodertalje have been cut by between 25 and 30 per cent in the past two years.

A big upsurge of confidence

THERE IS no mistaking the upsurge of confidence at Daf Trucks since the Dutch company returned to profitability in 1984 following the shock of falling into the red the previous year.

Daf made a net profit of Fl 9.74m (£2.3m) on sales of Fl 1.96bn ($676m) last year against a loss of Fl 27m on a Fl 1.65bn turnover in 1984.

Mr Aart van der Padt, the chairman, says: "Results for 1985 should be better than last year's."

The healthier financial climate has taken some of the pressure off the Daf management team. To start with Daf is now in a stronger position when negotiating the joint ventures which it sees as so important to its future.

Mr van der Padt says his company is actively seeking more co-operative deals on a wide range of key components such as engines, axles and transmissions to gain the advantages of economies of scale available to bigger rivals.

But Daf insists on retaining its own identity and engineering capability. Preservation of jobs in the Netherlands would be a major factor in any discussions.

Daf has already shown what it has in mind via a deal signed in the past year with Enasa, the state-owned Pegaso truck group of Spain, for the joint development and production of a cab for vehicles of 14 tonnes upwards.

The cost of Fl 140m will be shared—although Daf had completed much of the development before the deal was done—and the cab should be in production before the end of the 1980s. A 50-50 joint company called Cabtech has been established at Eindhoven to finish the development and a team of Spanish engineers has joined Dutch colleagues.

Daf itself no longer feels threatened by outside predators. A 37.5 per cent shareholding previously owned by International Harvester of the US which was put up for sale when the American group ran into major financial difficulties, was picked up last year by a Dutch consortium.

The consortium included Daf itself, the van Doorne family trust (Hub and Wim van Doorne founded Daf in 1928) The Netherlands Investment Bank and the state-owned Dutch State Mines. This increased the involvement of the Dutch Government in Daf because the Dutch State Mines already had 25 per cent. The van Doorne Trust had 37.5 per cent.

The original intention was for the consortium to find another buyer for the Daf shares and pass them on as quickly as possible. But as Daf is now doing better financially the consortium is no longer in a hurry to sell.

Another important element in the management confidence at Daf is the fact that the company was able to obtain a Fl 600m financial package to cover a six-year product renewal programme and investment in advanced production methods. About Fl 400m will go towards renewal of the truck

DAF

range and the rest for production changes.

The Dutch Government is providing about Fl 200m and, in view of Daf's importance in Belgium—it has a cab plant at Westerlo where 1,409 of Daf's 8,710 employees are located—the Government there has guaranteed a BFr 2.8bn loan by Belgian banks. The balance of Fl 250m will be found by Daf from its own resources.

Mr van der Padt says that capital expenditure this year will be Fl 80m to Fl 100m, in line with the financing arrangements and "what the balance sheet will bear."

Daf has already spent Fl 24m for equipment for a new paint shop in Belgium.

Daf's production of trucks increased from 11,685 in 1983 to 13,645 last year and it delivered to customers 14,205 vehicles in 1984 against 12,510.

Mr van der Padt reckons output in 1985 will be over 14,000 trucks, rising to 15,000 next year.

'Black box' takes charge of gear changing

Driver's view

ALAN BUNTING

COMMERCIAL vehicle technology's biggest shop window in 1985 was the biennial West German motor show in Frankfurt, where Europe's heavy truck builders sought to outdo each other in their claims to superiority in advanced engineering.

Electronics made their first significant impact in the truck field five years behind equivalent innovations in passenger cars and petrol-engined light commercials.

The so-called vehicle management systems, which aim to optimise performance and, more importantly, fuel economy, are by definition more complex on a diesel-powered truck than in a spark-ignition engined car.

Because the combustion process is dependent on: (a) the quantity of fuel injected: (b) the instant injection begins: and (c) the instant it cuts off, all three variables, ideally, need to be regulated.

The General Motors subsidiary Detroit Diesel Allison showed, at Frankfurt a new electronically - controlled fuel system, developed in the US for installation initially on GM's two-stroke truck diesels.

In Europe, the German Bosch group, market-leader in the specialist fuel-injection field, as a supplier to nearly all truck diesel engine makers oo this side of the Atlantic, is treading more cautiously. But big Bosch customers such as Mercedes-Benz and MAN in Germany, along with Volvo and Scania in Sweden, hope to exploit the Bosch technology in the next five years, to raise efficiency levels in their diesel engines.

Meanwhile those same chassis makers, working closely with gearbox producers and electronic specialists, are focusing their research and development attentions on other aspects of truck operating efficiency. The biggest topic of conversation among visitors to Frankfurt's vast commercial vehicle show halls was electronic gearchange control.

Led by Scania, whose CAG (computer - aided gearchange) system had a sneak preview at the same show two years earlier, a bevy of companies showed their answers to what amounted to a double engineering challenge. Heavy vehicle drivers need to be persuaded, encouraged or even coerced to revise gearchanging habits that are often deeply ingrained.

Today's turbocharged and often charge air-cooled engines display performance characteristics quite different from their predecessors. In particular, they have much more low speed torque: on a rising gradient they will "lug down" to much slower rotational speeds while continuing to pull strongly.

Drivers brought up oo less flexible, higher-revving engines who get behind the wheel of a new-generation truck are prone to make downward gearshifts too soon and, by the same token, to delay upward changes unnecessarily. In so doing they are wasting fuel and causing excessive engine wear, with oo compensating acceleration or journey-time benefits.

Electronics are now being applied to sense engine and vehicle information, notably engine speed (rpm), road speed (mph) and accelerator pedal position. The data is fed into an on-board mini-computer, or microprocessor, which calculates, instantaneously, the correct gear ratio for the conditions.

It might be said that for many years fully-automatic torque converter gearboxes, of the kind used in most cars and available in heavier-duty form from manufacturers such as GM and ZF, have achieved the same object, without the need for electronics. But for heavy truck applications such automatics are prohibitively expensive, as well as being heavy—and wasteful on fuel because of friction losses in the fluid coupling.

On board speed and pedal sensors could of course be used as simply mini-computer inputs from which to obtain gearchange "advice" signals, transmitted to the driver by illuminated transmission ratio numbers oo the dashboard, telling him which gear he should be in. But once having committed themselves to an electronic "black box" oo the truck, the designers can tap the output information to meet the other half of the challenge, which is to reduce the *physical effort* of gearchanging.

Those electronic signals from the on-board computer can be made to energise solenoid valves. They, in turn, admit compressed air (from the vehicle brake system reservoir) to thrust cylinders acting through the shift-linkage on the outside of the gearbox—thus effectively replacing the muscles in the driver's arm. The person at the wheel then need only "flip a switch" to change gear.

Damage

This introduces its own risks, from a durability point of view: too-easy gearchanging could result in mechanical damage by a careless or unthinking driver. However, those electronics can be readily harnessed to overcome the danger. Rev-sensors can ensure that gearbox input and output speeds are compatible for safe, quiet, gear meshing; if they are not, then engagement is blocked by open-circuiting the solenoid signal line.

Scania's CAG system, which combines all the elements I have described, is now available right across the Swedish company's range, as an on-cost option. In contrast, Mercedes-Benz intends to make its electro-pneumatic shift (EPS) system standard equipment on the new higher-performance (354 and 435 horsepower) heavies shown at Frankfurt in September.

Mercedes has adopted a more conservative approach than Scania in its introduction of driveline electronics. The power-assistance element is included, as well as the ratio compatibility check feature.

Having driven both Scania and Mercedes heavies equipped with their respective electronic shift systems, I can report that the Swedish engineers have shown more flair, while their German counterparts display more realism. Both employ a aimote light-touch ratio selector switch.

In the Scania it takes the form of a "space invaders" joystick, looking too flimsy for the job it has to do. The "manual-auto" turn-switch next to it looks similarly out of place in a heavy truck cab.

On the plus side the "flashing number" gearshift advice feature is ideal—for drivers who will heed it. Regrettably, in Britain, too many drivers refuse to follow such advice.

Climbing into the cab of an EPS-equipped Mercedes, one is not immediately aware of any changes in the controls. What looks to be a conventional full-sized gearlever is retained. In fact its action is the same as its Scania equivalent, that of a spring-loaded switch moving in one plane to make upward (forward) and downward (back) shifts. The main job of the microprocessor in the EPS system is to block "incompatible" changes.

It is also able to determine the best gear ratio for the conditions, moment by moment.

It seems likely that in 10 years' time all heavy trucks will employ similar power-assisted gearshift systems—some of them carrying the principle a stage further by eliminating the clutch pedal. Already Eaton in the US and ZF in Germany have such systems working as prototypes. They provide a much less costly, and lighter, but directly competitive alternative to torque-converter automatics.

Electronics will be harnessed increasingly between now and the end of the century, by truck and engine makers, to make vehicle operating efficiency progressively less driver-dependent. Computer logic, rather than the driver's gut feeling or whim, will determine the performance extracted from the engine (a function of fuel-injection characteristics) as well as the timing of gearchanges. Total power-train management will follow, making engine performance and transmission use interdependent.

Renault is now building this bonneted medium-weight Midliner in France for sale by its associate Mack Truck in North America.

Pressure on to cut costs

Joint ventures

JOHN GRIFFITHS

IF FORD and Fiat, last year's two European car market leaders consider it advantageous—at least in theory—to merge in pursuit of increased economies of scale in car production, the arguments in favour of mergers and joint ventures in the commercial vehicles industry would appear unanswerable.

For a variety of reasons, not least cultural but also involving many EEC-based legal difficulties, the Fiat-Ford merger idea did not come off. But the two companies are to continue talks on collaboration, and there is much speculation that commercial vehicles, thus principally involving Ford UK and Fiat's commercial vehicles arm, Iveco, will be a prime subject for attention.

It is not hard to see why. Europe's commercial vehicle industry is suffering from much over-capacity and many individual manufacturers are making losses.

In the past 12 months, the first stirrings of Japanese interest in the European truck market have also become apparent — Hino, Mitsubishi, Isuzu, Mazda and Toyota all displayed commercial vehicles at the Brussels motor show at the beginning of this year. And while all except Hino have been making increasing inroads into Europe's light commercials market. Hino's exhibits were in weight ranges up to 15 tonnes.

In short, the need to cut costs and rationalise production has assumed overwhelming importance.

By any measure, very few of the European companies come anywhere near the maximum economies of scale which might be achieved in truck manufacturing. Prof Garyl Rhys, who advises the UK House of Commons industry committee on the motor industry, has calculated these maxima at 200,000 a year for cabs, 200,000 for engines, and 40,000 for chassis.

A number of joint ventures and other collaborative deals have already taken place, not just between vehicle manufacturers, but involving component suppliers as well.

In the past 12 months, however, it has been the activities of General Motors which the European industry has been studying with most interest—and in some cases, alarm.

Several years ago, GM reorganised its commercial vehicles operations completely under a "world truck and bus" division based at Pontiac, Michigan. It was intended originally to pool the strengths of GM's US commercial vehicle interests with those of its subsidiaries in Brazil and the UK (Bedford), plus input from Isuzu, the Japanese car and commercial vehicle maker in which it has a minority holding.

The concept has been expanded markedly, if not the actual results. During the past 12 months GM has:

- Had lengthy talks with Enasa, the Spanish state-owned truckmaker, aimed at collaboration or possible takeover. They were broken off only at the beginning of November;
- Had equally prolonged discussions, through Bedford, with MAN, West Germany's second-largest truckmaker, with similar aims in mind. Again, no deal was struck;
- Talked to Dina, a Mexican state - owned manufacturer, about joint production of trucks and diesel engines;
- Begun talks, which are currently continuing, with UK state-owned Leyland Vehicles. Speculation about the topics under discussion range from simple collaboration on components to a full takover by GM.

Several other sets of negotiations, as yet undisclosed, are also likely to be in progress.

There are, however, other concrete results from the web GM is spinning. At the beginning of this year, Bedford began building its Midi panel van at Luton, based on an Isuzu design, and in November followed this up with production of a micro-van, based on a design by Suzuki, in which it has a 5 per cent stake.

"Traditional" European commercial vehicle producers inevitably view these developments by the multinational—and Ford's importing of a Mazda light commercial to be rebadged in Europe as a Ford—with some apprehension, on the basis that if this can happen with light commercials, heavier trucks might not be far behind.

GM, however, justifies the approach in several ways—not least that the projects provide "laboratories" for learning at firsthand how the Japanese concept of manufacturing translates into the Western industrial culture. A new truck plant being installed in Egypt jointly by GM and Isuzu is seen as a good example.

All these manoeuvrings do not necessarily leave the smallest truck producers totally on the sidelines, watching their own lack of economies of scale put them at an ever-increasing commercial disadvantage.

For instance, had GM actually completed a deal with Enasa, Seddon Atkinson of the UK would also have been drawn into the net, having been bought by Enasa early last year. DAF, the Dutch truckmaker, would also have become involved since it is collaborating with Enasa to develop truck cabs. There would have been ramifications, too, for ZF, the West German transmission maker, whose components are made by Enasa under licence.

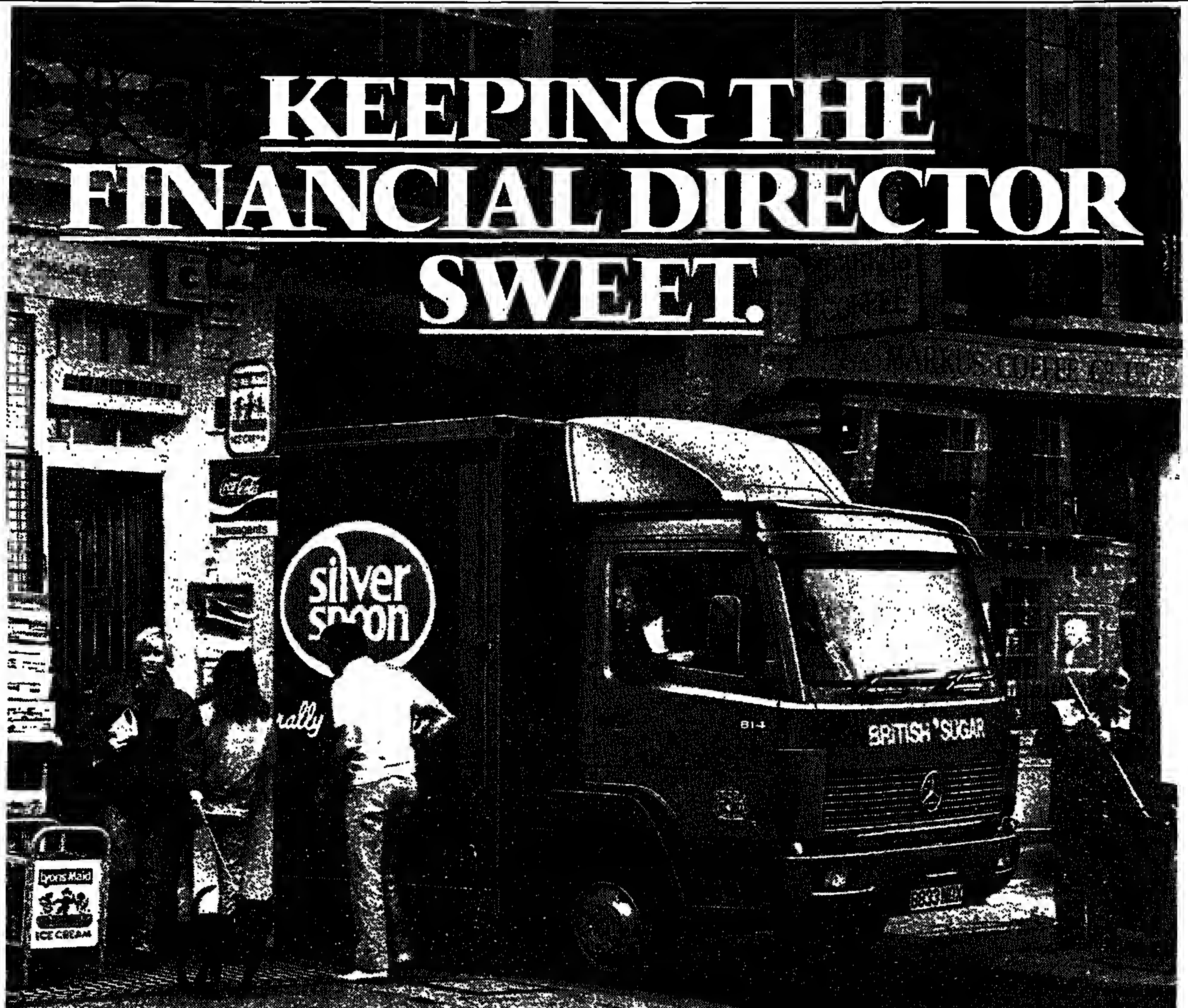
A deal with MAN also would have had implications for Eaton, the US components maker, with which MAN is collaborating to develop and produce truck and bus axles.

Enthusiasm

Until recently, however, joint ventures have been regarded with varying degrees of enthusiasm by individual manufacturers. Daimler-Benz, the world's largest truckmaker, traditionally has been the principal exponent of vertical integration. MAN had been one of the very few companies with which Daimler-Benz had collaborated—an arrangement ended by MAN earlier this year—but now it, too, is collaborating with the Japanese, via an agreement under which it is to assemble Mitsubishi L300 panel vans at Mercedes-Benz Espana's Vitorio plant, in northern Spain, at the rate of 10,000 a year.

Some joint ventures and other collaborative deals are already well-established, though with varying degrees of success. MAN and Volkswagen, for example, have been producing medium-weight trucks, the MT range, since the late 1970s, with VW making cabs, rear axles and gearboxes, MAN contributing engines, frames, axles and special bodies.

Eaton, the US transmission maker, and Iveco are jointly developing medium-duty transmissions expected to go on sale next year. Eaton will sell the transmissions to other vehicle makers worldwide, thus substantially reducing the transmission's cost to Iveco. Similar thinking applies to another Iveco joint venture, with Rockwell to produce truck axles.



SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday November 29 1985

Profits at BASF up 33% at nine month

By John Davies in Frankfurt

BASF, the West German chemical group, has strongly increased its profits in the first nine mooths of this year and is optimistic about its performance next year in the wake of its string of takeovers in the US and Europe.

Group pre-tax profit to the end of September rose 33.6 per cent to DM 2.46bn ($968m), while the Ludwigshafen-based parent company lifted pre-tax profit 49 per cent to DM 1.29bn.

World-wide sales revenue, including companies at least 50 per cent-owned, rose 9.4 per cent to DM 34.97bn and parent company sales advanced 4.8 per cent to DM 15.36bn.

Mr Hans Albers, the chief executive, said these results did not take account of the major acquisitions which would add about DM 4.5bn to BASF's sales revenue next year.

In the biggest takeover, BASF is buying the US-based Inmont car paint and printing ink group, after acquiring the carbon fibre and related operations of Celanese of the US.

Mr Albers said US cartel authorities had given the go-ahead for BASF to take over the US fibre operations of American Enka. In addition, it is taking over Monsanto's Seal Sands plant in the UK, which produces chemicals used in making fibres.

Mr Albers said he was "very confident" this strong growth in BASF through takeovers would lead to a "corresponding increase in earnings capacity" in the years ahead. BASF has no plans for further takeovers, he said, and he specifically dismissed the idea of buying into pharmaceuticals because such companies were too dear.

Mr Albers gave a clear indicatioo that BASF would increase its dividend on this year's earnings, though he declined to be drawn on the likely payout. "We will not he paying DM 9 a share again," he said.

The "big three" West German chemical companies – BASF, Bayer and Hoechst – are all expected to raise their dividends oo this year's results for the third year in succession, after paying a uniform DM 9 a share on last year's earnings and DM 7 a share for 1983.

Bayer and Hoechst have already reported a substantial increase in their nine months' earnings. Bayer lifted its group pre-tax profit 14.4 per cent to DM 2.5bn, with world sales 9.5 per cent ahead at DM 35.5bn. Hoechst showed group pre-tax profits up 11.2 per cent at DM 2.36bo on sales 5.4 per cent ahead at DM 32.49bn.

With further growth forecast for leading countries oext year, Mr Albers said he was optimistic BASF would share in this advance. But business was not likely to grow as strongly as in the past few years, he added.

BASF was also stepping up its outlay on investment and research, with strong emphasis on operations involving advanced technology, including high-performance plastics.

Mr Albers said BASF's higher sales revenue this year resulted mostly from a heavier volume of sales rather than price rises. Business had been going ahead particularly strongly in oil and gas, fibres and fibre-intermediate products, new-composite materials, and information systems (including audio-video, data storage and processing and reproduction technology).

Sales had shown sturdy growth in Europe, some Latin American countries, particularly Brazil, and Japan. Sales in North America were unchanged in dollar terms.

Like other West German chemical companies, BASF has begun to feel sharper competition from US groups now that the weaker dollar is giving US exporters a price advantage in foreign markets.

VDT rescued by Dutch Government

By Laura Raun in Amsterdam

VAN DOORNE'S Transmissie (VDT), the struggling Dutch maker of a revolutionary automatic transmission, has received another lease on life with the entrance of n new shareholder and a fresh capital injection.

The Dutch Government has again borne the brunt of the rescue package by taking a Fl 10m ($3.5m) loss on the sale of its 36½ per cent stake in VDT to the Corporation for Industrial Projects, a venture-capital company majority owned by the state.

The Economics Ministry, which will receive a token Fl 1 for its holding, has channelled between Fl 70m and Fl 80m into the small (130 employees) company in recent years.

William Hall describes the legal bombshell which could bring a US oil major to its knees

Why Texaco fell out of favour with Wall Street

A STROKE of genius or a colossal mistake? When Texaco, the US oil company bought Getty Oil for $10.3bn early last year, Wall Street was visibly impressed by the speed and daring with which this once stodgy company had snatched Getty away from its smaller rival, Pennzoil.

During the past 10 days Wall Street appears to have changed its mind and investors have dumped more than 30m Texaco shares on the stock market and run for cover. They have been caught off guard by some oasty news about Texaco which has raised serious questions about the skill and judgment of members of its senior management and their handling of the Getty takeover.

The first shock was last week when a Texas jury awarded Pennzoil, a minnow in the oil league compared with Texaco, $10.5bn in damages. Even by Texas standards the award is gargantuan and, while most observers expect the award to be scaled down, Pennzoil could collect several billion dollars, according to some estimates. In making the largest civil award of its kind, the jury believed Texaco had improperly seized control of Getty from Pennzoil.

This week a second shock hit Wall Street. America's fifth biggest industrial company admitted that, as a last resort, it might have to file for bankruptcy if it was forced to post a $12bn bond as a condition of appealing against the damages award.

This is not the sort of talk Wall Street wants to bear from one of its traditional blue-chip companies, especially since only a week ago Texaco had been reassuring Wall Street analysts that the Pennzoil affair was a minor matter and it was confident that, despite the decision of the Texas jury, it would eventually win.

The case centres on whether or not Pennzoil had an agreement to take control of Getty Oil in January 1984. Mr Hugh Liedtke, Pennzoil's chairman, is from the old school of oil men who believe a handshake is enough to clinch a deal.


Hugh Liedtke, left, and John McKinley, chairmen respectively of Pennzoil and Texaco

Getty Oil, and its two major shareholders, had even issued a press release stating they had reached an agreement in principle with Pennzoil. Less than two days later, they had changed their minds and accepted e far better offer from Texaco. Mr Liedtke is under no illusions as to who was the culprit.

"Texaco evidently thinks it is rich enough and strong enough and powerful enough to walk over people with callous disregard," be says. "They used to say that the oil business was built upon a handshake. Should it now require handcuffs?" he asked after his company had been jilted.

To argue his case, he hired one of the best personal injury lawyers in the US, the colourful Mr Joe Jamail, who has painted a picture of Texaco's slick New York lawyers ripping up the code of the oil patch at Pennzoil's expense.

Mr Jamail prides himself on being a "drinking buddy" of Willie Nelson, the country and western star, and clearly won the hearts and minds of the local Texas jury with his cowboy boots and colourful language. But behind his folksy image there is a shrewd lawyer.

Mr Jamail took the case, he says, because it offered a once-in-a-lifetime chance to make an important point about managerial ethics. "I do nnt want corporate America to think they can continue their duplicitous double-dealing," he said.

Texaco strongly disagrees and argues that if the case bad been heard anywbere else but in Pennzoil's home town of Houston it would have been thrown out. Early in the trial, Texaco had tried to get the judge replaced after it was disclosed that Mr Jamail had given $10,000 to his re-election campaign.

Texaco is confident it will ultimately prevail but the financial markets are not so sure. During the past week, there has been a serious loss of confidence in Texaco's ability to control its own destiny.

"Texaco did not take this law suit seriously and it has made several major legal blunders along the way," says one leading oil analyst who believes that, whatever the eventual outcome, Texaco now faces a costly and lengthy legal battle.

Texaco's case is weakened by its agreement to indemnify the Getty board and the major shareholders for any liability for breach of contract. Texaco also appears never to have taken the $14bn damages claim seriously enough to bring forwards an expert witness to provide an alternative measure of the damages.

It has also been criticised for allowing the case to be heard in front of a partisan Houston jury, rather than in the state of Delaware, the home of many big US corporations.

Although Texaco says it will take its case as far as the US Supreme Court, if necessary, and the legal process is notoriously difficult to predict, many analysts believe Texaco is in n weak bargaining position. Mr Liedtke can dictate his terms.

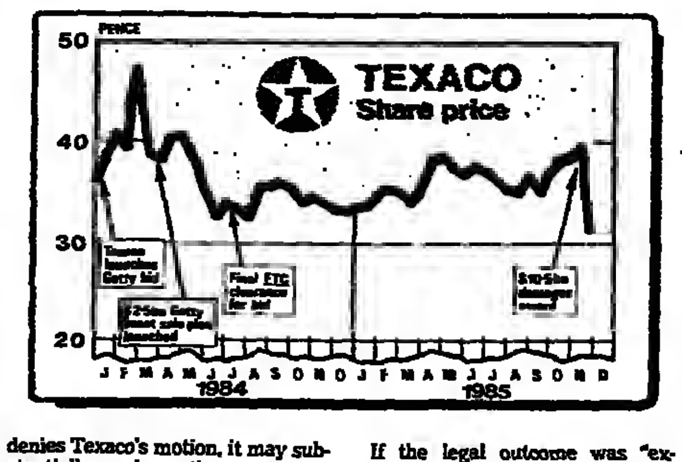
This is what is worrying Wall Street. Close to $2bn has been wiped off Texaco's stock market capitalisation and Texaco shares have slumped by a fifth to $31½ since the fateful November 19 decision. Trading in Texaco debt both in the US and abroad has come to a virtual halt and holders of the billions of dollars of Texaco commercial paper are uneasy.

Nervousness about handling Texaco paper has been compounded by the remarks of Texaco's president, Mr Al DeCrane, who reportedly said: "If a $12bn bond is required – Texaco does not have $12bn, and in my opinion, probably cannot get it – then we would have to look for some heroic measure whether it is Chapter 11 or whatever."

Wall Street is confused and worried by the whole affair. The two big US credit rating agencies, which had initially reaffirmed Texaco's credit ratings after last week's jury decision, say they are having second thoughts.

The company's recent comments "raise questions over Texaco's ability to conduct its business in a normal manner, and whether it will have access to adequate sources of liquidity from banks and capital markets," says Standard & Poor's.

The next step in the saga will take place in a downtown Houston courthouse on December 5 when State Jodge Solomon Casseb is scheduled to bear motions by Texaco to grant a new trial or set aside last week's jury verdict. Even if it



denies Texaco's motion, it may substantially reduce the award to Pennzoil.

Should a judgment for Pennzoil be entered, Texaco has the rigbt under Texas law to ask the district court to direct that the case be retried by n new jury. If this happens the question of a bond will not arise, says Texaco.

If the judge does not grant Texaco's motion and enters e judgment for either the full or a lesser amount, rather than set aside the judgment or grant a new trial, Texaco bas 30 days to file a post-judgment motion. Within 75 days of the original finding, the judge must reach a different decisinn or the original award becomes final, say legal experts.

According to Moody's, the US credit-rating agency which is considering downgrading Texaco's debt, if e new judgment is filed or the original judgment becomes final it believes the judge has no flexibility but to require a bond for the total amount of the award plus costs at a maximum $12bn.

While Moody's says it is unlikely a judgment for the maximum amount will be filed, it says that in the light of Texaco's recent comments and its own understanding of Texaco's legal circumstances, there is a "small but real possibility that Texaco's liabilities may be frozen for an indefinite period."

If the legal outcome was "extreme" it could result in "radical rating changes" for the $12bn of Texaco's outstanding bonds and commercial paper, warns Moody's.

Texaco says it will urge the court "that since e bond of $12bn, or anything like it, would be impossible to obtain, requiring such a bond as n condition of staying execution of judgment pending appeal violates the Texas and US constitutions."

The company warns that, should an appeal be necessary, it "will pursue whatever legal procedures are appropriate to have it heard and determined. At this time no legal course of action bas been ruled out." It is the implications of this last sentence which has sent shivers through the financial markets.

Wall Street analysts are critical of the way the company's senior management has let itself be outfoxed by a group of wily Texas lawyers and have beeo waiting anxiously for some bold move by the company to stem the financial damage.

Unless Texaco can stem the slide in its share price, it will be vulnerable to a takeover, say analysts

The pressure is on Texaco to do a deal with Pennzoil and prove whether it can salvage its reputation from a takeover battle which is beginning to look like a colossal mistake.

National Bank of Canada advances

By Bernard Simon in Toronto

NATIONAL Bank of Canada, the fast-growing Montreal-based group, raised net earnings to C$38.6m (US$28m) or 88 cents a share, in the three months to October 31, from C$28.8m, or 65 cents a share, n year earlier.

Income for the fiscal year to October 31 advanced by 35 per cent to C$153.7m. Assets stood at C$23.3bn et the end of October, 21 per cent higher than e year previously. Return nn nverage assets rose from 0.62 to 0.73 per cent, among the highest of the big Canadian banks.

The quarterly dividend has been increased from 23 cents to 25 ceots.

National has doubled its provisions in the past year on sovereign risk loans, mainly to Latin American countries, to C$252m equal to 11.3 per ceot of its exposure to almost three dozen Third World borrowers for which the authorities io Ottawa have asked banks to set aside extra provisions.

Total non-performing loans have fallen in the past year from C$222m to C$183m, largely because of an improvement in the bank's domestic portfolio.

National Bank came to the rescue last month of the troubled Mercantile Bank, which was hit by a sudden withdrawal of deposits in the wake of the collapse of two small Alberta banks. The proposed merger will expand National's asset base by about 20 per cent and give it a wider exposure to parts of Canada outside Quebec.

● Morguard Bank, the Vancouver-based wholesale lender with capital of C$22m (US$16m) and assets of C$290m, is being acquired by Security Pacific, seventh-largest US bank holding company, and will be merged into Security Pacific Canada, which has assets of C$220m.

The deal has been under discussion since the summer when the western Canadian bank crisis began.

BMW lifts Loewe Opta stake

BY OUR FRANKFURT STAFF

BMW, the West German car and motorcycle maker, has increased its stake in Loewe Opta, the electronics and television company, to 31 per cent to prepare the way for technological co-operation.

BMW, which already had an indirect holding of 8 per cent in Loewe Opta, has acquired a further 23 per cent direct stake. Loewe Opta had sales revenue of DM 260m ($102m) last year and has about 1,200 employees.

It became known earlier this year that Philips, the Dutch consumer electronics group, had previously held a majority stake in Loewe Opta through a complex network of holdings. But Philips has since bowed out in the wake of its takeover of management control of the Grundig audio-video company.

Ownership of Loewe Opta has been completely restructured, with its senior managers now owning 51 per cent and a further 26 per cent held by Technologie Investoren (in which BMW and Bayerische Vereinsbank each have 30 per cent and Dresdner Bank 40 per cent).

The 23 per cent stake now taken over by BMW was "parked" with Dresdner Bank while Loewe Opta's managers sought a technological partner.

BMW says that its strategy is to become involved in other high technology enterprises only if there is a direct spin-off benefit for its motor vehicle business. In line with this policy it recently took e stake in a computer-aided design company.

It is meanwhile maintaining an aloof attitude to suggestions in Bavaria that it might take a stake in Messerschmitt - Bölkow - Blohm (MBB), the aerospace and defence company.

Mr Eberhard voo Kuenheim, BMW's chief executive, bas indicated that, apart from other considerations, he is not anxious for BMW to become involved in MBB as a junior partner of state governments.

It is generally assumed that some banks and industrial companies among MBB's owners would be willing to sell, but the Hamburg and Bremen state governments have shown no enthusiasm for the idea. The Bavarian Government has indicated it might sell part of its holding if it helped a Bavarian company such as BMW to build up e sizeable holding in MBB.

EUROBONDS

$500m deal for Philip Morris

BY MAGGIE URRY IN LONDON

THE Thanksgiving holiday, which closed the New York bond market yesterday, brought a calm to the Eurodollar market. But a syndicate manager's work is never done and a $500m two-tranche deal for Philip Morris was launched by Union Bank of Switzerland (Securities).

Philip Morris, the US tobacco group which has recently taken over General Foods, is a name well known to investors, though the provisional ratings given to the bonds by Moody's and Standard & Poor's are single A2 and A. The issues were moving slowly, with the market in e holiday mood, and both were bid just inside their total fees.

The four-year $300m tranche has a 9½ per cent coupon and 100¾ issue price, with fees of 1¾, giving the borrower e cost of 56 basis points over US Treasury yields. The 10-year portion is for $200m and was finding wider investor interest. It has e 10 per cent coupon and 99¾ issue price. Fees for this part are 2 per cent and the borrowing cost was 49 basis points over Treasuries.

UBS (Securities) is placing half of each tranche with its clients, so only $250m worth is being syndicated.

Prices firmed slightly in the fixed-rate sector following the late rise in the New York bond market on Wednesday. Floaters slipped as investors began to tidy their books prior to the year-end, dealers said.

The Bundesbank announced that a total of DM 3.84bn in new issues was due in the D-Mark market in December. This is much less than the DM 7.475bn originally scheduled for November, and that amoumt has not been launched.

Traders were relieved that the calendar was not bigger and prices gained around ¼ point with buying from abroad. No deals were launched yesterday.

Only seven straight deals are due, totalling DM 1.165bn, and dealers say they should be absorbed comfortably. But eight floaters, worth DM 1.775bn, are also expected and dealers fear that on top of the nine launched in November, worth DM 3.55bn – many of which are trading outside their commissions – they will prove to be too much for the market. Floater prices fell by as much as 25 basis points at one point yesterday before some buying came in to cut losses to around 5 basis points.

Salomon Brothers made its book-running debut in the Ecu market with an Ecu 62½m issue for Walt Disney, the entertainment group. The borrower has star quality and the issue was trading close to its 100¼ issue price. The bonds mature on February 25, 1994, although a sinking fund reduces the average life to 7.2 years. The coupon is 8¾ per cent.

In the Swiss franc foreign bond market Crédit Suisse launched e SFr 200m 10-year issue for the European Investment Bank. The yield is indicated at 5¾, considered acceptable by traders.

Co op, the West German food retailer, made its debut in the market with a private placement increased from a planned SFr 50m to SFr 80m. The joint lead managers are Fuji Bank (Schweiz) and BEG. The coupon for the six-year deal is indicated at 6 per cent.

In the secondary market, prices were firmer with the undertone friendly. Controversy still surrounds the listing of Soditic's Italy zero-coupon bond, which was trading around 33.3 compared to the 34.273 issue price yesterday. The issue will be governed by Italian rather than Swiss law and the Zurich stock exchange has refused to list it.

Soditic argues that e oumber of US dollar-denominated issues governed by foreign law are listed, and nothing in the rules of the exchange requires that bonds must be covered by Swiss law. Some other bankers reply that the exchange is keeo to maintain quality by insisting on this point. They admit, however, that in the end it will prove impossible to deny a listing to a government bond.

In the Euro-French franc bond market Pechiney, the French metals group, launched n FFr 500m five-year issue, the first of two due in December. Crédit Lyonnais set the terms at e 10¾ per cent coupon and 99¾ issue price. Fees total 1¾ per cent but the bonds were trading well within that discount at 99¾.

The first straight Euroyen issue for some weeks was launched for Nordic Investment Bank, raising Y20bn. Lead manager is Nomura International. The seven-year bonds have a 7 per cent coupon and 101¾ issue price. The bonds were bid et 100¾, inside the 1¾ per cent selling concession.

International bond service, Page 16

INTERNATIONAL COMPANIES AND FINANCE

SODRA SKOGSAGARNA A.B.
US$ 20,000,000 9½% GUARANTEED BONDS 1986

[illegible]

HAMBROS BANK LIMITED
29th November 1985

SAS profits soar to record SKr 1bn

BY FAY GJESTER IN OSLO

SAS, the Scandinavian Airlines System, achieved record profits and turnover in the year ending September 30 1985.

Group turnover climbed 10 per cent to SKr 19.8bn ($2.6bn), while profit before extraordinary items was 28 per cent up, at SKr 1bn – a record. The result before tax and year-end allocations was SKr 1bn, against SKr 968m for 1983–84.

Air transport of passengers and freight accounted for 75 per cent of group activities in the year under review and contributed SKr 811m to the profit total – SKr 82m up on a year earlier. Turnover in this division rose to SKr 15.3bn from SKr 14.15bn.

SAS Service Partner, the group's catering arm, increased profits more than fivefold to SKr 81m (SKr 15m), on turnover of SKr 2.39bn (SKr 2.05bn), while the international hotels division more than trebled profits to SKr 67m (SKr 21m), although turnover was only SKr 105m higher, at SKr 948m.

Vingresor, the SAS package-holidays company, almost doubled its profits to SKr 81m, from SKr 46m, on a 25 per cent rise in turnover, to SKr 1.5bn. Other activities showed a loss of SKr 15m on turnover of SKr 380m, against a profit of SKr 2m on turnover of SKr 695m in 1983–84.

An item in the accounts called "concern adjustments" is put at minus SKr 7m this year, compared with minus SKr 21m a year earlier.

Grumman may acquire Fairchild Republic

BY PAUL TAYLOR IN NEW YORK

GRUMMAN, the US aerospace group, is negotiating with financially troubled Fairchild Industries to acquire its aircraft unit, Fairchild Republic.

Fairchild has been hard hit by losses on its joint venture with Sweden's Saab-Scania and announced last month it would pull out, taking a $102m pre-tax charge in the process.

Fairchild Republic manufactures parts as a subcontractor for the Saab-Scania SF-340 commuter aircraft and builds a trainer jet for the US Air Force.

Earlier this month the Chantilly, Virginia-based group reported a third-quarter net loss of $77.8m, mainly as a result of write-offs on aircraft programmes, and a nine-month net loss of $170.9m or $15.62 a share on sales of $609.2m. Subsequently Fairchild announced a new $75m three-year revolving credit facility with a group of banks.

Grumman, which is based in Long Island, New York, and is a big producer of military aircraft, particularly carrier-based and aerospace systems, said it hoped negotiations with Fairchild would result in an agreement "in the near future."

Mr John Bierwith, chairman, said, "We are working hard to negotiate a result which will be in the best interest of everyone concerned, which includes the employees and shareholders of both companies and the communities where they operate."

He added: "An important consideration has also been the major investment by the US Air Force in the T-46 trainer aircraft. We believe our approach represents the fairest possible balance of all these considerations."

Anglovaal gold dividends rise

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

GOLD PRODUCERS in South Africa's Anglovaal group are raising their interim dividends in line with earnings boosted by the weakness of the rand against the US dollar.

Hartebeestfontein is lifting its interim for the year to next June to 45 cents (16.9 US cents) from 32.5 cents a year ago when there was a subsequent final of 47.5 cents. The holding company, Zandpan, is following suit with an interim of 7.5 cents against 5.5 cents.

The veteran Eastern Transvaal Consolidated, which boosted last year's interim to 75 cents from 20 cents, is raising the latest payment to R1. Of the investment companies, Middle Witwatersrand (Western Areas) is paying an interim of 55 cents against 45 cents, while the parent Anglovaal is paying R1.20 against R1.

BBL profits jump 39%

BY IVO DAWNAY IN BRUSSELS

BANQUE Bruxelles Lambert, Belgium's second largest bank, yesterday reported a 39 per cent increase in net profits for the year, up from BFr 1.56bn last time to BFr 2.16bn ($42m).

The net dividend has been raised by BFr 5 a share to BFr 100. Payouts on the two special categories of shares, issued in 1983 as part of the Government's fiscal incentives scheme, will be BFr 181.12 and BFr 193.94 respectively.

Part of the net profits increase can be attributed to a capital gain from the sale of a BFr 200m stake in Banque Internationale à Luxembourg, though this disposal was smaller than the BFr 400m sale last year.

Operating profits increased by 25.4 per cent from BFr 8bn to BFr 10.16bn.

US deal for Werner Rey

By John Wicks in Zurich

MR WERNER K. REY, the Swiss financier, has taken over a 50 per cent stake in the American computer leasing company Meridian Group, of Deerfield, Illinois.

The transaction – the price of which is not known – took place last summer but has only now been confirmed. It gave Mr Rey a stake in an important leasing company with annual turnover of $105.3m and a 1985 profit figure of nearly $5m.

Mr Rey has various investments in industrial, financial and services companies and he owns Omni Finance, a computer brokerage and leasing company.

The Meridian investment is expected to be held by Inspectorate International, a quality-control and testing company which Mr Rey owns in Neuchatel.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex 10⅜ 92	100	100⅝	101⅛	+0¼	+0½	10.18
Amex Credit 10⅞ 90	100	104⅛	104⅝	+0⅛	0	9.59
Atlant Richfld 10⅝ 00	250	98⅝	99⅛	+0⅜	+0½	10.42
Australia Com 11¼ 00	100	105½	107	+0⅜	+0¼	10.37
Australia Com 11 95	200	105	106½	+0⅜	−0⅛	9.93
BP Capital 11⅛ 92	150	105⅛	105⅝	+0⅜	0	9.90
Campbell Soup 10½ 95	100	103⅝	104⅛	0	0	9.85
Canada 11½ 00	500	107½	108	+0¼	+0¼	9.21
Canadian Pac 10⅛ 93	100	103⅝	104⅛	+0⅜	+0¼	9.63
Canadian Pac 12½ 99	75	108⅞	109⅜	+0⅛	0	11.37
CEPME 10⅝ 91	100	101⅜	101⅞	+0¼	+0½	9.76
Chevron U.S.A. 12¼ 89	600	105⅝	105⅞	+0⅛	0	10.39
Citicorp 10 88	200	101⅞	102⅜	+0⅛	+0⅛	9.06
Citicorp 10⅛ 95	200	99¾	100¼	+0¼	+0¼	10.00
Coca Cola 11⅛ 91	100	107½	108	+0⅛	+0⅛	9.33
Denmark Kingdom 11⅛ 89	100	104⅜	104⅞	+0⅛	+0¼	9.57
Denmark Kingdom 11½ 90	100	105¾	106¼	+0¼	+0⅛	9.74
Denmark Kingdom 11½ 92	100	106	106½	+0¼	+0⅛	10.00
E.D.F. 10 95	225	99	99½	+0¼	+0⅛	10.11
E.E.C. 9⅝ 90	350	100⅛	100⅝	+0¼	+0⅛	9.50
E.E.C. 11⅛ 90	100	105¾	106¼	+0⅜	+0⅛	9.30
E.I.B. 12 95	200	110½	111	+0½	+0⅛	10.15
Eli Lilly 10⅛ 92	150	102¾	103¼	+0⅛	+0⅛	9.62
Export Dev Corp 10 90	100	102⅜	102⅞	+0⅜	+0⅜	9.33
Export Dev Corp 12 89	100	107⅞	108⅜	+0⅛	+0⅜	9.42
Fed Dep Stores 10⅛ 95	100	99⅝	100⅛	+0⅜	+0⅜	10.13
Ford Motor Cred 11⅛ 90	100	103¾	104¼	+0⅜	+0⅛	10.13
Ford Motor Cred 12 95	100	106⅜	106⅞	+0⅜	−0⅛	10.81
Gen Elec Credit 10¼ 00	200	102	102½	0	−0⅛	9.93
GMAC 10⅛ 89	200	102⅜	102⅞	+0⅛	+0¼	9.30
IADB 10½ 95	150	102⅜	102⅞	+0⅜	+0⅛	10.05
IBM Credit 10⅛ 2000	300	† 102¾	103¼	+0⅛	+0¼	9.86
Kellogg Company 10⅛ 90	100	103⅜	103⅞	−0¼	−0⅜	9.75
Kellogg Company 11⅛ 92	100	105⅝	106⅛	+0⅛	+0⅛	9.91
L.T.C.B. 12⅞ 91	100	112¼	112¾	+0¼	0	9.97
Macy Cred Corp 11⅝ 95	100	† 102⅝	103⅛	+0⅜	−0⅛	11.22
Mitsui Trust 11⅛ 90	100	† 105¼	105¾	+0⅜	+0⅜	10.03
Nippon Cred Bk 10⅛ 95	150	101¾	102¼	0	+0⅜	10.38
Pillsbury Co. 10⅛ 93	100	99¼	99¾	+0½	+0⅜	10.33
Pru Realty secs 12⅛ 95	546	109	109½	+0¼	+0¼	10.40
Qantas Airways 10⅜ 95	140	101¾	102¼	+0⅜	+0¼	10.02
Quebec Hydro 11⅛ 92	100	107⅝	108⅛	+0⅛	+0⅛	9.69
Queensland Govt 10⅛ 95	100	99⅞	100⅜	+0¼	+0¼	10.21
Ralston Purina 11⅛ 95	150	108¼	108¾	0	+0¼	10.00
Ralston Purina 12⅛ 89	100	109	109½	+0¼	0	9.75
Saskatchewan 10⅛ 92	100	104⅝	105⅛	+0⅜	+0⅛	9.05
Saskatchewan 11⅛ 89	100	107⅞	108⅜	+0⅛	+0¼	9.02
Statoil 10 90	170	101½	102	+0⅛	0	9.59
S Wales Trsy 11⅛ 90	150	106⅝	107⅛	+0¼	0	9.73
Swed Exp Cred 10 92	100	101	101½	+0¼	+0⅛	9.71
Swed Exp Cred 12⅛ 89XW	100	108⅜	108⅞	+0⅛	0	9.08
Sweden Kingdom 10⅛ 90	200	104½	105	+0¼	−0⅛	9.40
Sweden Kingdom 11⅛ 89	200	106⅞	107⅜	+0⅜	+0⅜	9.20
Sweden Kingdom 13⅛ 94	100	108⅝	109⅛	+0⅛	+0⅛	10.24
Tenneco Corp 10⅛ 95	150	101¾	102¼	+0⅜	−0⅜	10.39
Texaco Capital 10 95	300	† 80	80	−4	−0¼	12.35
Texaco Capital 11⅛ 95	250	† 103⅞	104⅜	+5⅛	+0½	10.40
United Tech Fin 10⅜ 95	100	101¼	101¾	+0⅛	+0¼	10.36
Victorian Rep 11⅛ 92	150	106⅝	107⅛	+0¼	+0⅛	10.00
World Bank 10⅛ 95	300	101⅜	101⅞	+0¼	+0½	9.84
World Bank 12⅞ 94	200	115	115½	+0⅜	+0⅜	10.15

Average price change On day +0¼ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	105⅝	106⅛	0	+0⅛	7.09
Austria Republic 7⅝ 94	200	103¾	104¼	−0⅛	−0⅛	6.93
Baxter Travenol 7⅛ 94	200	101⅝	102⅛	0	0	6.95
Copenhagen 7⅜ 95	150	100⅛	100⅞	+0¼	+0¼	7.29
Credit National 8⅜ 94	200	106	106¾	+0⅜	+0⅜	7.07
E.I.B. 7⅛ 94	300	101⅜	101⅞	−0⅛	0	7.00
Escom 8 92	150	93½	94	+0⅛	−0⅜	9.35
Ex-Im Bk Korea 7⅝ 00	100	100	100½	−0¼	0	7.54
Ferrovie Dello Stato 8 91	100	103⅝	104⅜	0	0	7.06
Finland Republic 7 92	200	100⅝	101⅜	0	0	6.79
Gould Int Fin 7⅜ 91	100	101¾	102½	+0⅛	+0⅛	7.13
Ireland 8⅛ 92	150	104	104¾	+0⅛	+0⅛	7.24
Japan Fin Corp 7⅛ 91	100	103½	104¼	+0⅛	+0½	6.76
Mitsubishi Hvy 3⅜ 89WW	300	157½	159	+0¾	−3¼	−10.22
Mitsubishi Hvy 3⅜ 89XW	300	91⅛	92⅛	+0⅜	+0⅜	6.26
Mitsubishi Met 3⅛ 89WW	100	106	107	0	+0¼	1.46
Mitsubishi Met 3⅛ 89XW	100	95	96	+0¼	−0⅛	6.12
Quebec Hydro 7⅛ 95	500	101⅞	102⅜	0	0	6.79
Renfe 7⅛ 95	100	102⅝	103⅛	−0⅜	−0¼	7.31
Soc Cent Nucleair 7⅛ 95	150	101⅝	102⅛	−0⅛	+0⅛	6.97
Societe Cent Nucleair 8 91	100	105	105¾	−0⅛	0	6.80
Sth African Tran 7⅛ 92	100	91⅛	92⅛	−0⅛	−0⅛	9.18
World Bank 7 95	800	100⅜	100⅞	−0⅛	+0⅛	6.90
World Bank 7⅛ 89	100	102¾	103½	+0⅛	0	6.62

Average price change On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅛ 94	130	† 101	101¼	0	−0⅛	5.22
Brit Land Comp 6½ 95	75	† 104	104½	−0⅛	−0⅜	6.04
Council of Europe 6 92	120	† 102¼	102¾	−0⅜	+0⅛	5.56
Creditanstalt 5½ 94	100	† 100	100¼	0	+0¼	5.48
Deutsche Bk Fin 5⅛ 95	100	† 102½	102¾	0	−0¼	5.01
E.I.B. 5⅛ 94	120	† 102¼	102½	0	−0¼	5.53
Gen Occidentale 4½ 94	90	† 103	103¼	−0¼	−1	4.08
Glendale Fed.S&L 5½ 95	100	† 97½	97¾	−0¼	0	5.82
Ind Fund Fin 5⅛ 94	40	† 100½	100¾	−0½	+0⅛	5.56
Int-Am Dev Bk 6⅛ 94	120	† 102½	103	+0⅜	−0⅜	5.72
N Zealand steel 5⅛ 95	70	† 100½	100¾	−0½	−0¼	5.67
Oberoi Kllnik 5⅛ 95	100	† 100½	100¾	0	+0⅛	5.28
Olivetti Intl 5½ 95	100	† 101	101¼	+0⅜	0	5.34
Pepsico 5⅛ 95	130	† 101	101¼	−0¼	+0¼	5.09
Ralston Purina 5⅜ 94	125	† 101¾	102	0	−0¼	5.11
Santos Finance Ltd 6 94	130	† 99¾	100	−0½	0	6.02
Tokyo Elec Pwr 5½ 93	120	† 101⅛	101½	+0¼	0	5.26
Tokyo Metropolis 5⅛ 94	80	† 102	102¼	+0¾	+1½	4.95
World Bk 5⅛ 94	150	† 101¾	102	+0¼	0	5.06

Average price change On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canon Nat Tele. 8⅛ 92	25	99⅛	99⅝	+0½	+1¼	8.55
Gdyr Tr & Rubber 7⅛ 95	25	101⅜	101⅞	+0¾	+0¾	6.88
Mort Bk Denmark 7 92	10	100½	101	+0⅜	+1	6.84
New Brunswick 7⅛ 95	10	101	101½	+0⅜	+1¼	6.93
Swed Exp Cred Zero 00	14	72⅜	73⅛	+0⅛	+0⅛	6.77

Average price change On day +0½ on week +1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Aust 12⅛ 90AS	50	93	94	0	+0⅛	14.05
Creditanstalt 12⅞ 90AS	50	99	100	0	+0⅜	12.99
Pepsico Cap. Res. 13 90AS	50	102⅛	103⅛	0	+0¾	12.22
Swed. Export Cred 13 89AS	40	94⅛	95⅜	0	+0½	15.07
Amex 10⅛ 90 C$	90	101⅛	102⅛	+0⅛	+0⅜	10.14
Canadian Pac 10⅜ 90 C$	75	99¾	100¼	+0⅛	+0⅛	10.35
CIBC 10⅛ 90 C$	75	† 103½	104	0	+0⅜	9.72
Genstar Fin 11⅜ 95 C$	75	101⅜	102⅛	+0⅛	−0¼	11.39
Montreal 11½ 95 C$	75	104⅞	105⅜	+0⅛	−0⅛	10.58
Sears Acc. Co 10⅜ 92C$	75	† 98½	99	+0¼	+0⅜	[illegible]
Winnipeg City 10⅛ 90C$	50	103⅛	103¾	+0¼	+1⅜	9.42
Chrysler Fin Corp 17 90NS	65	91¼	93⅛	+0⅛	0	19.46
K.O.P. 16¼ 91 NS	50	99¼	99¾	+0⅛	+0⅛	16.51
Kredietbank Lux. 17 88 NS	70	100¾	101¾	+0⅛	+0⅜	16.34
B.N.P. 8⅜ 95 ECU	75	98½	99	−0⅛	−0¼	8.66
IBM Wld Trade 8¼ 90ECU	150	101	101½	−0⅛	+0⅜	7.98
Sec Pac Aust 8⅜ 90 ECU	100	94½	95	0	+0⅛	9.07
Honda Motor WW 3⅜ 90FL	100	103	103½	−0⅛	−0⅛	3.06
Honda Motor XW 3⅜ 90FL	100	88¾	89¼	0	+0⅛	6.31
Thyssen 7⅛ 90 FL	50	103	103½	0	0	6.47
Wereldhave 7½ 90 FL	75	101½	102	0	−0¼	7.06
Wessanen 8⅛ 90 FL	50	99½	100	0	+0⅜	8.09
Mobil Corp. 11⅛ 90 NF	500	102⅛	103	−0⅜	−0⅜	10.36
Australia Comm 11 92 £	40	99¾	100¼	+0⅛	+0¼	10.97
BP Capital 10⅜ 92 £	50	100	100½	0	+0⅜	10.81
E.I.B. 11⅛ 93 £	50	100	100½	+0⅛	+0⅜	11.05
GMAC UK Fin 10⅞ 90 £	30	96⅛	96⅝	0	+0⅜	11.71
Imp Chem Inds 11⅛ 95 £	75	100⅜	100⅞	0	+0⅜	11.15
Imp Chem Inds 10⅛ 92 £	75	97⅛	98⅜	0	+0¼	11.14
Mcdonalds 10⅞ 93 £	40	100¾	101¼	0	+0⅛	10.54
Mitsubishi Fin HK 11 90 £	50	99⅞	100⅜	+0⅛	+0⅜	10.88
Privatbanken 11⅛ 92 £	20	100½	101	0	+0⅛	11.07
Rank Xerox 11 92 £	40	97⅞	98⅜	+0⅛	+0¼	11.40
Royal Ind 10⅛ 92 £	60	97½	98	0	+0¼	11.20
Star Drug Cap 10⅞ 00 £	30	100	100½	0	+0⅛	10.76
Tricentrol XW 11 92 £	35	98⅝	99¼	0	0	11.06
Trusthouse Forte 11⅛ 90£	50	99⅝	100⅛	+0⅛	+0½	11.12
World Bank 11⅛ 95 £	100	100⅞	101⅜	0	+0⅛	11.05
C.O.E. 8⅜ 95 LF	600	99¼	100	0	−0⅜	8.00
Nat Lux Alum 10½ 92 LF	600	103⅝	104⅜	+0¼	0	9.63

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Abbey National 5 2000 £	0	99½	99¾	15/1	11⅜	11.42
BankAmerica O/S 5¼ 96	0⅛	99¾	100	30/12	8⅛	8.14
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 00	0⅛	100⅜	100⅝	13/12	8¾	8.71
B.N.P. 5¼ 95	0	101¼	101½	10/1	8¼	8.15
B.N.P. 5¼ 95 (July)	0¼	99⅞	100⅛	23/1	8⅛	8.15
B.N.P. 5¼ 99	0⅛	100	100¼	5/6	8¼	8.30
Britannia 5 93	0⅛	99⅞	100⅛	8/1	8	8.00
C.C.F. 5¼ 97	0	99⅝	99⅞	30/10	8.19	8.20
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/10	8.44	8.45
Citicorp 5 2035	0	99¼	99½	27/11	5	[illegible]
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	8.60	8.52
Credit Lyonnais 5 00	0	100	100½	10/7	8	8.00
E.E.C. 5 90	0	99¾	100	8/1	5.06	5.07
E.N.E.L. 5 00	0¼	99⅞	100⅛	1/3	5	5.00
Ireland 5¼ 97	0	99⅞	100⅛	28/2	8.44	8.45
Lloyds Bank Perp	0¼	100	100¼	8/12	8	7.99
Man-Hanover 5 97	0	99⅛	99⅜	22/11	5	5.04
Midland Bank Perp 5	0⅛	100	100½	19/12	8⅛	8.10
Nat West Perp A 5¼ $	0¼	100	100¼	8/1	8⅛	8.24
Nat West Perp B 5⅛ $	0⅛	100⅛	100⅜	10/2	8.01	8.07
Royal Bk Scotland 5 Perp	0¼	99¾	100	13/12	5	5.01
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.68	11.76
Societe Generale 5¼ 97	0	100⅛	100⅜	19/3	5⅛	5.24
United Kingdom 5 92	0	99⅞	100⅛	7/2	8	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.94	134⅝	135⅝	−2⅛	4.06
Comcast 7 2000	12/85	23.875	† 107½	108½	0	28.00
Fanuc 3⅛ 98	1/84	7032.3	100⅜	100⅞	+0⅜	60.00
Fuji Hvy Inds 3 2000	8/85	678	96½	97½	+0¼	0.45
Fujitsu 3 99	5/84	1320.8	99⅛	100⅛	0	13.10
Kumagai Gumi 3½ 2000	3/85	600	176¾	178¼	−1⅛	11.36
Marui 3⅛ 99	7/84	1102	154⅝	155⅝	−0⅜	−0.80
Mitsubishi Bank 2⅝ 00	8/85	1760	99⅞	100⅝	+0⅛	−2.00
Mitsubishi Elec 2¼ 00	3/85	422	103⅛	104⅛	−0⅜	−0.53
Murata 3½ 2000	7/84	2398	121½	122½	+1	18.33
Nippon Elec 2¼ 2000	1/85	1295	116⅞	117⅞	0	33.97
Nippon Oil Co 3 2000	5/85	923	108½	109½	+0¼	−5.05
Oki Elec Ind 3½ 99	10/84	805	110⅞	111⅞	0	1.36
Sekisui House 3 99	6/84	812	101¾	103¼	−0½	−0.41
Sumitomo Bank 2⅛ 2000	8/85	2142	95⅛	96⅛	+0¼	3.33
Sumitomo Corp 2⅝ 99	5/84	593	134½	136½	+1	−0.09
Taiyo Yuden 3¼ 2000	3/85	1078	† 106	108	+1	−2.30
Takeda Riken 3⅜ 2000	10/84	7663	† 102	100	−2½	12.02
Tokyo Sanyo Elec 3½ 99	12/84	772	104⅞	105⅞	0	8.08
Toshiba Ceramics 3 2000	4/85	1734.2	99¼	100¼	+0¼	3.14
Nippon Oil Co 2⅛ 92 SF	3/84	1052	† 100¾	101½	−0½	17.95
Nippon Shinpan Co 2 92 SF	3/84	801	† 114	114½	+0½	13.07
Asics 5 92 DM	10/83	530	108¾	110	−0⅜	20.38
Renown 3⅛ 90 DM	3/85	675	109	110	0	−2.06
Sun Realty 6⅛ 92 DM	2/83	336	† 393	394	−0⅛	−0.75

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cv. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Deutsche Bank set for record profits

BY JONATHAN CARR IN DÜSSELDORF

DEUTSCHE BANK, West Germany's biggest bank, looks set to achieve record operating profits this year of about DM 3bn ($1.2bn) in the parent company and DM 4bn in the group.

The bank again plans to boost its risk provision, especially for foreign-country lending – but is not expected to raise its dividend above the current 24 per cent level.

Dr F. Wilhelm Christians, chief executive, said shareholders were already benefiting from the recent one-for-15 rights issue, with the new shares eligible for the full 1985 dividend.

Deutsche is the second of the "big three" German banks to present its 10-month results and a general forecast for the year, with Dresdner Bank to follow on Saturday. Commerzbank has already reported record earnings and plans a "marked" increase in its 12 per cent dividend.

Dr Christians disclosed that total operating profit (including earnings from own-account trading) rose by 8.1 per cent in the parent bank in the first 10 months. The group increase was 5.1 per cent in the first nine months – the most recent period for which a figure was available.

As usual the bank did not specify the actual level of its operating profit – but the figures are understood to have been almost DM 2.8bn for the parent and about DM 3.8bn for the group in the whole of 1984.

Bankers confirmed it was unlikely the rate of growth in operating profit would slow in the last months of 1985 – indeed the rate had picked up since mid-year.

On that basis the group figure for 1985 would touch DM 4bn and the parent figure DM 3bn. Comparative figures for Commerzbank are about DM 1.5bn and DM 1bn respectively.

Deutsche Bank's interest profits in January-October rose by just 0.9 per cent – following an increase of 8.4 per cent in business volume and despite a cut in the margin (the difference between interest earned and paid) to 2.96 per cent compared with 3.16 per cent in 1984.

Profits from commissions jumped by 18.3 per cent reflecting, above all, booming business on the bond and share markets. After allowing for personnel and other costs, "partial" operating profit (excluding own-account trading results) was up by 2.2 per cent to DM 1.57bn.

This increase in profits is being achieved against the background of a fall in overall business volume (total assets plus endorsement liabilities) of DM 3.8bn since the end of last year to DM 139.6bn.

The bank attributes the drop mainly to its firm drive to reduce the relatively unprofitable interbank business. In contrast, credit volume rose 2.3 per cent to DM 82.4bn in the first 10 months.

Dr Christians stressed that the recent capital increase, which had raised more than DM 1bn, gave Deutsche Bank room for manoeuvre to take advantage of growing business opportunities – not least in investment banking.

He noted that Deutsche planned to set up an investment banking operation in Tokyo next spring and that it was starting a bank in Australia. He also pointed out the bank had recently established the Deutsche Bank Capital Markets (DBCM) offshoot in London.

Singapore Airlines offering oversubscribed

BY CHRIS SHERWELL IN SINGAPORE

THIS WEEK'S public share offering by Singapore International Airlines was effectively 3.1 times subscribed following a decision yesterday to allocate just over 40 per cent of the total 100m shares for private placement abroad.

The proportion in favour of the Singapore public was lower than previously expected, and showed how a dramatically falling stock market, hit by the near-collapse of Pan-Electric Industries last week, had dampened local sentiment.

DBS Bank, lead manager and underwriter for the issue, said a total of S$1.32bn (US$630.7m) was received in subscriptions for the shares, which were priced at S$5. Of this, 63 per cent came from the public offering in Singapore and 37 per cent from the private placements in London, New York and Tokyo.

According to the terms of the original offer, at least 50m shares were to be offered to Singaporeans and a minimum of 25m privately placed abroad, with a decision on the balance to be taken according to demand.

With yesterday's overall 60-40 split, the sum of S$832m received in Singapore goes to buy 53.6m shares, a total representing the agreed allocation minus 6.1m shares reserved for selected SIA employees and associates. The offering was thus 3.1 times subscribed.

Those who applied for 5,000 shares or more in Singapore are sure to receive at least a proportion of the shares they sought. One in five applicants for less than 5,000 shares will receive none at all, but those who were successfully ballotted for 1,000 shares yesterday will receive the full number.

More than 20 applicants sought 1m shares or more. Only two bid for more than 5m, one of them trying for 10m. Each of these will receive 2m, while bidders for 1m shares will receive 320,000, a high number, according to one Singaporean stockbroker.

Indeed, as a result of the response and those shares in the hands of SIA employees overhanging the market, sizeable quantities of SIA stock are likely to be on offer over the weeks before trading starts around December 18.

According to some brokers, foreign interest probably accounted for a substantial proportion of the shares on offer in Singapore, but this will only become clear when share certificates are actually registered.

Calculations show that, had SIA allocated the 100m shares on a 75-25 basis in favour of the Singapore public, the effective subscription would have been 2.4 times.

Kyocera earnings plunge 36%

BY YOKO SHIBATA IN TOKYO

KYOCERA, a leading Japanese semiconductor maker, yesterday announced a 36.1 per cent slide in consolidated net profits to Y11.95bn ($59.4m) for the half-year to September.

Sales were down 7.3 per cent to Y145.57bn, and earnings per share declined from Y124.69 to Y79.65.

The earnings fall was blamed on a 5.4 per cent rise in the ratio of costs to sales, due to a higher proportion of unprofitable products in its sales mix and foreign exchange losses of Y632m. The sales drop was attributed to a slowdown of demand for semiconductor components; its mainstay product accounting for 35 per cent of [illegible] sales in these declined by 26.2 per cent.

Kyocera's overseas sales, accounting for 50.7 per cent of total turnover, declined by 10.4 per cent. The proportion of Kyocera' overseas business a year ago was 52.5 per cent.

Lee Ming Tee bid agreed by Wormald

By Our Financial Staff

TWO AUSTRALIAN companies which have been targets this year of share raids by Mr Lee Ming Tee, a Malaysian Chinese now resident in the country, yesterday acquiesced to offers which they had previously viewed as hostile.

Wormald International, Australia's leading fire protection and security group, said its board would recommend acceptance of a bid by Sunshine Australia, Mr Lee's main corporate vehicle in the country.

Meanwhile, Hooker Corporation, a property group, said it would "reluctantly" advise shareholders to accept a bid for an influential 44 per cent stake by GSH Investments, owned by developer Mr George Herscu. In August Mr Lee offloaded a 30 per cent stake in Hooker to New Zealand interests after failing to secure agreement on a takeover.

The Wormald accord followed a variation by Sunshine of terms for its offer. As an alternative to its A$4 a share cash bid, Sunshine will now provide a seven-for-four share exchange, currently worth some A$4.23½ per share. This values Wormald at some A$343.3m (US$235.9m).

Sunshine, which already owns about 36 per cent of Wormald, is seeking at least 75 per cent. This is a relaxation of its earlier requirement for minimum acceptances of 90 per cent, and allows Hongkong Macao International Investment Company—a group controlled by mainland Chinese interests—to retain its 9 per cent.

Under the GSH bid, the whole of Hooker is valued at A$437.6m.

Strong growth at Tisco

By R. C. Murthy in Bombay

SALES AND profits of Tata Iron and Steel Company (Tisco), India's only private sector integrated steelmaker, showed strong growth in the half-year to September.

Revenue rose 16.53 per cent to Rs 5.33bn ($441.6m), and pre-tax profits surged 3.6 times to Rs 685m from Rs 191.2m. This followed quadrupled profits for the previous full year.

INTL. COMPANIES & FINANCE

Bernard Simon on a private sector Canadian airline's expansion plans

CP Air prepares for deregulation

CANADA'S largest private sector eirline is assertively expanding its routes and forging alliances with other carriers in a determined effort not to be thrown off balance by the accelerating deregulation of domestic air traffic.

Canadian Pacific Air Lines, commonly known as CP Air, relaunched flights between Canada and New Zealand earlier this month after a break of 15 years. It has also begun a daily service between Toronto and Amsterdam. It hopes to start the first non-stop flights from Toronto to Tokyo next April and to Rio de Janeiro later in the year.

Next year the Vancouver-based airline is planning the first direct air links between Canada and South Korea, China, and Thailand — and perhaps Taiwan.

On the home front, CP Air recently acquired voting control of Nordair, a Montreal-based carrier serving Quebec, parts of Ontario and the Canadian Arctic, after e fiercely contested bid.

The company last year bought Eastern Provincial Airways, the main regional carrier in Atlantic Canada. It has also signed co-operation agreements with small commuter airlines in Ontario and British Columbia.

CP Air has found itself in an awkward position as competition among Canadian airlines intensifies. On the one hand, CP Air and other private carriers contend that years of official favouritism towards state-owned Air Canada has placed high hurdles in the way of their efforts to raise market share. CP Air, as the only carrier in any position to challenge Air Canada's dominance in many key markets, has complained loudest.

On the other hand, CP Air has to protect its flank from smaller carriers hoping to spread their own wings as curbs on fares and route allocations gradually fall away.

Earlier this month, Quebecair of Montreal and Pacific Western of Calgary, both regional airlines, agreed to create a national network by co-ordinating timetables, splitting routes and pooling aircraft. Quebecair, which is controlled by the Quebec provincial government, has made a counter-offer for Nordair in a bid to strengthen its own position in Quebec end Ontario.

CP Air, a subsidiary of the Canadian Pacific transport, communications and resources conglomerate, is the only Canadian airline besides Air Canada which offers flights across the country and abroad. Air Canada almost has a stranglehold on the most profitable routes in eastern and central Canada; CP Air's network has until recently centred on western Canada. The two carriers compete on the busy trans-continental routes between Toronto and western cities like Vancouver, Calgary and Edmonton.

Advantages

The Government divides international markets between the two airlines. Air Canada services mainly the eastern US, the Caribbean, Britain and some other European countries; CP Air concentrates on the west coast, Far East, Latin America and a European service to Amsterdam and the Mediterranean.

The state-owned airline has traditionally enjoyed several advantages over its competitors. Besides its access to government funding, Air Canada has been allocated prime check-in positions and aircraft gates at several large domestic airports. It has a spacious new terminal at Toronto Airport virtually to itself, while CP Air is squeezed into a corner of the congested older terminal. Air Canada, however, points out in its defence that other airlines rebuffed its approaches to share the new terminal when it was built in the 1970s.

Air Canada is estimated to account for some 60 per cent of the country's airline capacity, and CP Air for between 25 per cent and 30 per cent. Both are burdened by heavy debts and lacklustre operating margins (the legacies of the recession of the early 1980s), and by stiffening competition and the purchase of new aircraft. CP Air's net profit of C$10.5m (US$7.6m) in the first nine months of this year was due entirely to earnings from CP Hotels, a wholly-owned subsidiary which owns, leases or manages 22 hotels in Canada, West Germany and Isreel.

The airline has a fresh management team and a government in Ottewa apparently willing to step up the pace of deregulation. It is confident that it can fight back against Air Canada and improve its own financial performance.

Mr Donald Carty, the 39-year-old former executive vice president of American Airlines, took over as CP Air's chief executive last April. Proposals published by the Government earlier this year "give us all that we want," he says.

The recommendations include greatesr freedom for airlines to set their own fares and fewer curbs on new entrants. Mr Brian Mulroney, the Prime Minister, late last year ruled oot privatising Air Canada for the time being. But finanical discipline over the state-owned airline appears to have been tightened.

A test of the Government's intentions towards Air Canada will be the method used to reduce its C$1.2bn debt, equal to more than 70 per cent of shareholders equity. Mr Carty is concerned that the Government will inject new equity into the airline, rather than force it to dispose of assets.

CP Air is planning a public share issue and possibly some aircraft sales to help bring down its own troublesome debt-equity ratio, also more than 70 per cent. Mr Carty predicts a "comfortably better" financial performance in 1986.

Many of CP Air's recent innovations are aimed at wooing business travellers. The airline launched its "Attache" service a year ago—a business-class "airline - within - an - airline," which involves converting 11 of its 28 Boeing 737 aircraft on certain flights to accommodate only 62 passengers paying premium fares. Mr Carty says that bookings on long-haul Attache flights are "like a good restaurant on a Saturday night." But the airline has encountered resistance from business travellers unwilling to pay a premium on full-economy fares for shorter flights, such as from Toronto to Halifax and Winnipeg.

Streamlining

CP Air is streamlining its fleet to provide frequency rather than capacity. A recent swap of four Boeing 747s for smaller DC10s from Pakistan International Airlines will increase the airline's cash flow by an estimated C$12m a yeer. Twin-engined Boeing 737s, fitted with long-range fuel tanks, ere used on several trans-continental routes, allowing CP Air to offer six flights a day between Toronto and Vancouver.

The planned non-stop Tokyo service and other new routes to the Far East are aimed at attracting to Toronto transit traffic from the north-east US and Canada, which presently passes through New York. CP Air already carries a substantial number of travellers between Latin America end the Orient via Canada.

Mr Carty also intends to mesh CP Hotels more closely with the airline's operations. The company plans to give up management or ownership of several hotels outside the main centres of Quebec and Ontario, concentrating instead on upmarket properties in cities served by CP Air.

Ottawa and Vancouver are the highest priorities for CP Hotels, but Mr Carty also mentions the possibility of joint ventures with property developers in London, Paris and the Far East.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE DISTILLERS Company, Scotland's leading industrial group, has done an about face. During the last few weeks it has been conducting an aggressive corporate marketing campaign, talking to the City and its major shareholders. And yesterday it announced the appointment of Sir Nigel Broackes, chairman of Trafalgar House, the property, shipping and hotels group, as a non-executive director, together with plans to back next year's Commonwealth Games in Edinburgh with £1.3m of sponsorship.

Over 15 years ago the group pulled in its corporate horns in the wake of the thalidomida tragedy, the consequence of a diversification into pharmaceuticals, which shook the already reserved DCL to the core.

But today, the company has found a particular urgency in explaining its track record in the troubled Scotch whisky industry. On Monday James Gulliver's Argyll group will be free under Takeover Panel rules to launch a bid for DCL.

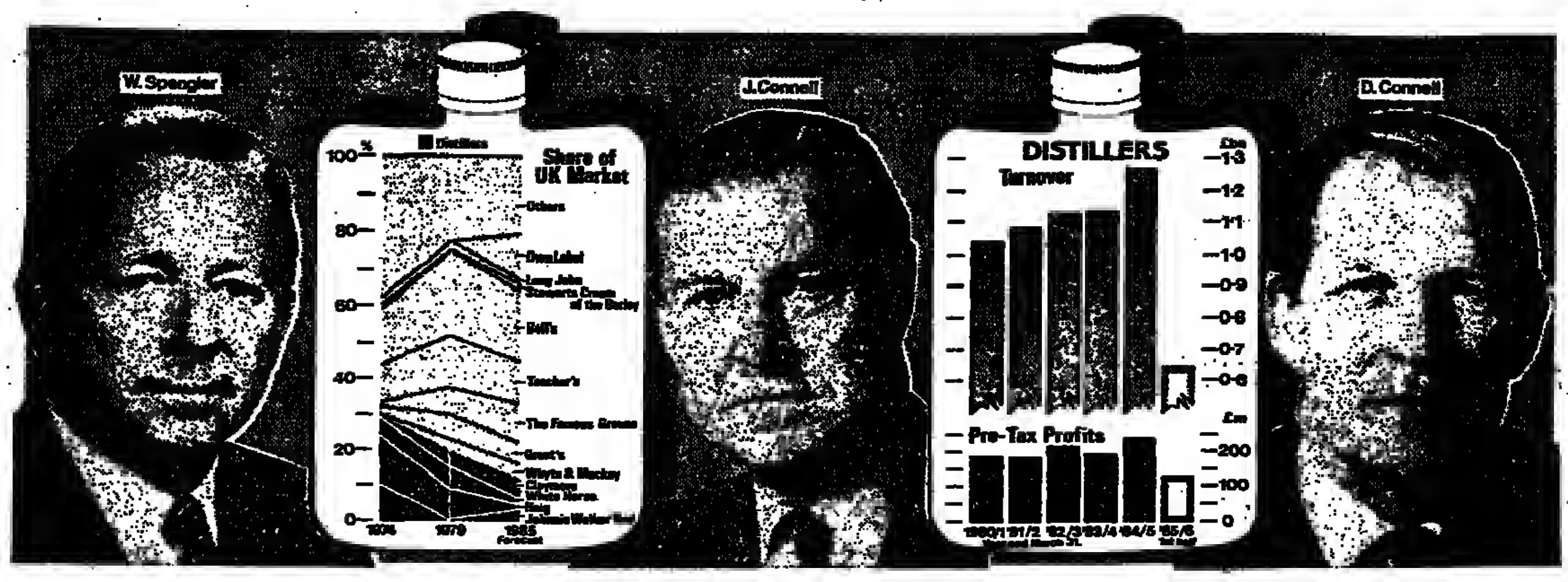
It is not the first time the company has sensed predators at the gate—two years ago Hanson Trust, the industrial group, was among the companies rumoured to be considering a bid for DCL. At that point, DCL was causing profound alarm among its shareholders for what was felt to be its directionless, undynamic management, incapable of defending the company's brands against a rising competitive threat.

Then—with DCL's shares trading at around 260p compared with 500p today—the company was in some ways more vulnerable to a takeover than it will be from Gulliver. For while Argyll, owner of Presto supermarkets (and smaller than DCL) has attracted a good deal of City support for its ambitions, DCL has become an expensive proposition. Since August, takeover rumours have helped to push the group's market capitalisation from £1bn to £1.82bn.

Hence the public relations exercise that DCL has been conducting over the past few weeks. Instead of its traditional low key annual round of lunches in the City, DCL has fielded a platoon of its key personnel to mount aggressive, information-packed one-day presentations.

"A culture shock" proclaimed one City analyst after attending a presentation. Stockbrokers de Zoete and Bevan said analysts would have to eat humble pie after getting DCL "so wrong" and underestimating the management changes.

DCL's claim is that it has arrested falling sales of its brands at home and abroad, introduced a much more dynamic management structure and rationalised production in a group whose maturing stocks of whisky far exceed its current needs. There is also an optimism that the worldwide market for Scotch, which has fallen by 15 per cent since 1979, could be coming out of the doldrums.



DCL tries to make up for lost time

The UK whisky group is going on the offensive. Lisa Wood explains why

Conspicuous by its absence has been any mantion of diversification, in spite of the group's strong cash flow, or of adventurous brand developments on the lines of those created by competitors such as IDV, the Grand Metropolitan subsidiary.

In 1973 worldwide sales of the group's whisky brands accounted for some 48 per cent of all bottled Scotch whisky sales. In 1984 DCL's share of a smaller market was 35 per cent. In 1973 DCL, with its major Johnnie Walker Red and White Horse brands, commanded 54 per cent of the UK market. Today it is less than 20 per cent.

The fall in UK market share is partly due to DCL's decision in 1977 to pull out of the UK market its top selling Johnny Walker Red Label blended whisky in order to safeguard larger world sales of the brand. This was because of an EEC ruling that DCL's dual pricing system for domestic sales and exports violated the Treaty of Rome.

The withdrawal of the brand from the UK does not account for all the lost market share, however. Companies such as Arthur Bell, with its Bell's brand, and Highland Distilleries, with Famous Grouse, rapidly snatched market share at DCL's expense. The only DCL blended whisky to achieve substantial growth in the period was the lower-priced Claymore.

Overseas, DCL was confronted by an enormous growth in the lower-priced end of the market. The company decided not to enter this fray and points out today that DCL still accounts for between 48 and 52 per cent of the bottled Scotch whisky market by value.

These changes in the Scotch market in the early 1980s resulted in falling profits and, faced with falling sales, the group was swamped with stocks of maturing whisky. In 1980 pre-tax profits were £195.3m, falling to £183.3m in 1982 and £180.8m in 1983.

In 1983 John Connell, formerly with DCL's gin division, took over as chairman of DCL. His aims were to reform the entrenched management structure of the group, pull production more into line with demand and improve the marketing. A number of specific measures followed:

- In 1983 DCL announced the mothballing of 11 of its malt whisky distillers — some one third of its total—and closure of two grain distilleries—in a bid to reduce production.
- The group's bottling facilities were rationalised with the closure of the bottling and blending plants at South Queensferry, Edinburgh (VAT 69) and Mackie Street, Glasgow (White Horse.)
- In 1984 the group acquired Somerset Importers, the exclusive US importer and distributor of DCL's Johnny Walker Red and Black Label whiskies and Tanqueray gin.
- In the same year the group set up a Home Trade division in the UK to handle nearly all its drinks brands except gin.
- Early this year Connell disbanded DCL's five-man management committee which was responsible for co-ordinating group strategy. Other operating committees beneath this, responsible for co-ordinating activities such as export strategies, were also disbanded.

This latter action is judged by DCL to be a key strategic move. It is impossible to discover from DCL why it took so long to change a structure it admits was outdated.

It is understood that one of the reasons DCL did not tackle the growing, albeit small, malt market earlier was that the committee responsible was unwilling to take the decision as to which one of the group's 13 malt brands to promote.

The shake-up inside DCL has also been helped by the arrival of Bill Spengler as deputy chairman and deputy chief executive. Spengler, aged 57, retired last year as vice chairman of Owens-Illinois, the large US packaging and glassware group. "One of the greatest aids towards breaking the group's habits of a lifetime is the appointment of a deputy chairman who is not moulded in the traditional ways of thinking," says David Connell, brother of the DCL chairman and now managing director of Johnnie Walker.

There is speculstion that the appointment was not the idea of the board—most of whom have spent their working lives with DCL—but that it came from Kleinwort Benson, the merchant bank which was asked in September to help formulate a defence strategy against a possible bid by Argyll.

Critics claim that the new structure and a new deputy chairman do not create a revolution. Spengler insists: "The changes are getting under way and go right down the line." Scepticism, however, was expressed by some City analysts after the publication of the group's interim results last week, when short term profitability was bolstered by a number of exceptional factors. The underlying trends in the market and long standing attitudes prevailing in the group did not appear to have changed as rapidly as heralded.

Some changes, however, do appear to be bearing fruit. The Home Trade division has a 22-strong team responsible for day-to-day marketing, three-quarters of whom were recruited from outside DCL. "There has been an infusion of UK marketing expertise and there is a clear commitment to new business development," says David McNair, the marketing director, who used to work at Unilever.

The first job of the team—which replaced a committee of 15 people which met only occasionally to discuss the UK trade — was to prevent DCL's plethora of brands competing against each other in a blended whisky market that has segmented to the detriment of the middle-priced brands.

"The first year was tough," says McNair," with sales down. But our Scotch sales are 13 per cent up in volume this year compared with a market performance of 4 per cent increase." Critics point out that turnover on the brands in the same period has gone up by 6 per cent in value. "While DCL claims substantial growth in the UK it appears that it is buying market share. It is too early to suggest that it has returned to a genuine growth tack," Michelle Proud, of Wood Mackenzie, the Edinburgh-based stockbrokers, says.

The Home Trade division is also responsible for promoting other non-whisky brands such as Pimms, which DCL defensively cites against criticism of its lack of new brands. This does not explain why between 1969, when DCL acquired it, and the early 1980s, the brand was not properly promoted. This year advertising was boosted to £750,000 with the result that sales are up 20 per cent, albeit from a low base.

Worldwide, DCL contends that it has pioneered new markets for brands such as Gordon's gin. In France for example the gin market has traditionally been small. Five years ago DCL started seriously to market its Gordon's brand there and today the market has doubled in size with Gordon's the number one brand.

DCL has also reacted more positively to the growing market share of cheaper own-label whiskies, a trend identified by Guinness in its successful bid for Arthur Bell.

This year DCL started supplying an own-label brand to Tesco. "It makes a small but worthwhile contribution to our overheads," says David Connell. "The market exists so it is better to supply it than ignore it and we have the stocks."

Johnnie Walker, the most dynamic company in the DCL stable, is taking a similar tack overseas. In France it recently introduced a new label, Grassy Green, pitched at the large cheaper end of the French Scotch market.

In the US, where Arthur Bell has had considerable problems, it is now possible to initiate longer term planning for DCL brands in the industry's biggest market where Scotch sales have fallen.

Corporate planning is to be Spengler's responsibility. "We have set achievable growth goals for our own business," he says. "We are looking at the possibilities of acquisitions but we do not want simply to get bigger. We want growth opportunities."

Certainly DCL is quoted in the Elders IXL offer document for Allied Lyons as having an impressive 18.3 per cent trading margin last year compared with 6.4 per cent for Allied's wines, spirits and soft drinks division. But such comparisons are fraught with difficulties such as the fact that whisky is matured over a long period while soft drinks are instantly marketable, so financing costs are therefore much greater.

It is a debate that is likely to figure large in the next few months if Argyll makes a bid. And the battle will be even bloodier than that between Bell, DCL's major UK competitor, and Guinness. In the case of DCL the future of Scotland's largest and best bred industrial company is on the line.

Management abstracts

Evaluating merger performance. A Michel + I. Shaked in California Management Review (US). Spring 85 (9½ pages)

Argues that mergers are justified only if they will make profits greater than the sum of those of the original companies (synergy), but sees an increase in conglomerate mergers where the objective is risk reduction rather than synergy. Presents survey results of the relative gains to merging companies and changes in risk characteristics/operating results. Finds, for example, that shareholders in acquired companies do better than those in acquiring companies, and that there is little difference in post-merger profitability between acquiring and comparable non-acquiring companies.

Corporate weapons against terrorism. M. Harvey in Business Horizons (US), Jan/Feb 85 (6 pages)

Argues that the best way of countering terrorism would be for multinationals to form a "trans-corporata security co-operative"; explains how this would be organised and discusses the roles to be played by groups responsible for intelligence and political analysis, financial planning, executive and family training, deterrent analysis, crisis management, and family counselling—not forgettig security audits. Suggests that paramilitary groups and freelance agents should be on a retainer but not on the staff payroll.

Effective and profitable export management. T. Prebble in Focus on Physical Distribution Management (UK), May/June 1985 (2½ pages)

Contends that offering delivered prices to overseas customers results in increased market penetration, reduction in working capital, and more effective credit control and collection; notes that larger companies or groups of companies can make savings by taking full advantage of VAT legislation by channelling exports through an export company; stresses the advantages of computerising the export function.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC looks to its own backyard

THOUGH MEPC likes to think of itself as a fully-fledged, international investment and development group, its enthusiasm for sunnier climes must inevitably wilt when faced with currency fluctuations which can rob it of £2m in pre-tax profits.

True, the currency movements which knocked the gilt off the 1985 gingerbread had tha reverse effect on assets and earnings in the previous year. Even so, the mid-summer acquisition of English Property Corporation leaves the UK portfolio accounting for 68 per cent rather than 58 per cent of the group's global property assets—and that is how the balanca looks set to stay.

MEPC has some excellent management and some impressive property investments in the US and in Australia and a tough time on the currency front will not change that. But the groun appears increasingly hemmed in by a legislative straitjacket in Australia and has also been pruning its investments in the US, where its recent activities have met with mixed results.

In Australia, where its property assets are now down to 12.5 per cent of the group portfolio, MEPC has been smartening up Austore Property Trust, the high-yielding, low quality retail unit trust group in which it owns a 49 per cent interest. One of the more colourful and predictable casualties of the clear-out is the Magic Mountain Leisure Park at Surfers Paradise, Queensland. Elsewhere, the group has also bought a 123,000 sq ft office development now underway in Brisbane.

In the US, it has sold the Walkkiki Trade Centre, Hawaii, to show a loss on the original purchase price, and bas also disposed of its two office buildings in Houston and the once-promising Texas Plaza development site in Dallas.

There are plenty of goodies left in a US portfolio worth around $220m, including the first two phases of the Colonnade office centre in Dallas and the prospect of a jointly-funded third stage.

In addition, the US portfolio includes 1m sq ft of soundly-performing floorspace in Minneapolis, two good shipping centres in Rochester and Las Vegas and a disappointing office building in Denver. Given its strong shopping centre management team, the US business would like to get its teeth into another mall but it is in no hurry.

So it is to the UK that MEPC-watchers seeking action and results will increasingly have to look.

The group's current capital programme in the UK now stands at around £95m out of a worldwide total of £132m and there is a further £125m committed to UK work over the next few years. In serving notice this week that it intends to break with the habit of a lifetime by seeking financial partners on major development projects, MEPC is clearly gearing up for an increasingly busy future.

Accordiog to Christopher Benson, managing director of MEPC: "We have always determined to build and own everything we create. But with the prospect of some mammoth schemes abead, we now accept that we will have to join up with others if we are to win some of the projects in the pipeline."

In two notable examples of the scale of projects which might lie ahead, the group has been competing for the Bentalls store redevelopment in Kingston upon Thames, which could cost up to £200m. MEPC, it appears, may have lost this one but it is to partner Tunbridge Wells council in a £100m shopping centre scheme likely to start in 1987-88.

The group's existing portfolio also offers plenty of scope for expenditure. Despite some outside doubts about the pedigree of the EPC portfolio purchased in July — not to mention the method of financing it — the group seems well pleased with progress so far. Two major office voids have been filled, reducing lost rental income from £2.6m to £300,000, and making the initial purchase terms look considerably better. Income and net asset uplift will show through next year.

The EPC portfolio also brought with it built-in tax benefits which will release income from Corporation Tax over the next few years and which also hold out the potential for property sales free of Capital Gains Tax.

Not that sales from the EPC portfolio look likely. One small investment has gone but a close look at the remaining 29 properties bas left the new owners convinced that they did the right thing. Christopher Benson, managing director of MEPC, admits to the presence of one of two "dogs" in the portfolio, like a sbopping centre in Port Talbot, but nothing so bad it is about to get dropped.

The most exciting redevelopment potential remains at Lee House, along London Wall, a building which EPC was itself seeking to redevelop at the time of its takeover. MEPC is drawing up two alternative plans for the 1960s office tower, one comprising around 200,000 sq ft of floorspace and the other, which could involve a platform over Wood Street and up to 300,000 sq ft of accommodation. Benson says: "The applications will be submitted in January and if we get our first plan through, we are in the £1 seats. If the second goes ahead, we are in the £2 seats."

There is even a suggestion in the air that part of London Wall itself could bet bridged over, permitting massive, additional office development. Benson and his colleagues are closely watching what happens to the idea. MEPC would be well placed to become fully involved in any such proopsals, in wbicb case it could find itself in the £5 seats. Payment in sterling, needless to say.

Rents go on rising

UK COMMERCIAL rental valoes grew at their fastest rate for over four years in the six months up until the beginning of November, according to the Investors Chronicle Hillier Parker rent index. The index showed an average growth rate ovec the six-month period of 8.1 per cent, against 7.6 per cent in the previous half-year.

● Tesco Stores has won a three-year planning fight to build a store in Melton Mowbray, Leicestershire. The go-ahead from the Department of the Environment enables the developers, Asfody Storage and Hanlage, to open up and develop the balance of their land, which extends to 40 acres. Smith Melzack represented the developers and will let the entire estate. Healey & Baker acted foc Tesco.

● London and Edinburgh Trust will in January submit plans for a 1m sq ft Brent Cross-style retail centre on 54 acres of Green Belt land near Hook, in Surrey. The complex would include a 225,000 sq ft Marks and Spencer store, a 100,000 sq ft Tesco store and major stores foc British Home Stores and Boots. Elmbridge borough council intends to consult with neighbouring aothorities who would be affected by the massive development. Two other planning applications for the site have already been made.

Grenville opens up the shop

MERIVALE MOORE, the business originally set up by solicitor Grenville Dean to supplement his income while working as company secretary to Smiths Industries, is about to become the 131st property company with a London Stock Exchange listing.

Merivale, in which Hill Samuel holds about 25 per cent of the shares, is coming to market via a plaeing of around 20 per cent of the equity. The exercise should raise about £3m and will pave the way for the £1.6m purchase of Wonham Properties, the private property investment company owned by Lord Howard de Walden and his family.

The deal will leave De Walden, one of London's biggest landlords, holding around 10 per cent of Merivale's equity and just might lead to a progressively fruitful relationship between the two parties.

Merivale, which is also raising £2.7m via a mortgage debenture issue to the Prudential, was set up by Dean in 1961 to refurbish and convert small houses and flats in Kensington. By 1970, he was confident enough to leave Smiths and to devote all his time to building up the business.

Now, Merivale Moore has a thriving residential development and residential and commercial investment business with net assets standing at £17m and split roughly between the three. At the last year-end they stood at only £8.7m but the acquisition of Wonham and a valuaion of properties, some of wbich have never been given a price tag, has produced the big uplift. Turnover for the year ending June 1985 reached £7.8m and pre-tax profits totalled £1.4m, forecast to rise to £1.8m in the current year.

Merivale's blend of residential and commercial is not unique among quoted companies but the combination remains a rare one. CPK, the company's residential development arm still specialises in the conversion of flats and houses in Kensington and Chelsea, selling in the £90,000 to £170,000 prire range.

In terms of residential investment, the company is well exposed to one of the most controversial sectors of the market, the ownership of tenantod houses and blocks of flats, largely located in London and East Anglia. Apart from an estate of 60 houses in Suffolk, there are 345 other tenanted units, most of them in blocks of flats and held on long leases.

The tenanted properties are purchased at a material discount on vacant possession values and, although initial yields are low, there is steady rental growth and many of tho company's properties now show raturns of 10 per cent and more.

When a flat or house becomes vacant it is sold, usually after being modernised. Regular vacancies lead to regular sales, providing a substantial income stream with good gross profit margins.

Dean is obviously anxious not to be tarred with the "break-up merchants" brush and says the company acts as a high-profile landlord determined to give tenants a fair deal.

Merivale has also managed to build up a useful commercial investment portfolio, partly to reduce its dependence on the residential sector and to generate a useful rent roll. The portfolio now has a market value of £8.2m and has two significant developments currently underway. A £2.8m office and shops scheme is being developed at Gloucester Road in west London and there is a 32,000 sq ft, joint-venture office project in hand at Borehamwood, Hertfordshire.

The company expects an increasing proportion of its assets to end up in commercial property and the acquisition of Wonham will help it along the way. The de Walden company brings with it a 6,000 sq ft office building in Bentinck Street, W1 and a 6,500 sq ft office investment in Marylebone High Street. They are both fully let and there is an aggregate, annual rent of £168,000.

Dean says the flotation will raise finance for expansion and enable some existing shareholders to realise part of their investment: "It all started off as a part-time interest but we survived the collapse of the early 1970s and are ready for the next step." Smiths Industries' loss is turning out to be the property sector's gain.

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	6,001,600

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Company Notices

UNILEVER N.V.

4% REDEEMABLE CUMULATIVE PREFERENCE SUB-SHARES OF FL 12 ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

The dividend for 1985 of 4% (FL0.48) Serial No. 72 will be paid on and after 2 January 1986. To obtain this dividend certificates must be listed on listing forms obtainable from one of the following banks:-

Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA;

Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE;

Allied Irish Banks plc, Securities Department, Stock Exchange, Bank Centre, Ballsbridge, Dublin 4.

Clydesdale Bank PLC, 30 St. Vincent Place, Glasgow.

Separate forms are available for use (a) by Banks, UK firms of Stockbrokers, Solicitors or Chartered Accountants (b) by other claimants. Notes on the procedure, in each case, are printed on the forms.

Fuller details of the dividend may be obtained from the above named banks on and after 30 December 1985.

EXCHANGES of original shares for certificates of sub-shares and vice versa will be SUSPENDED from 13 December 1985 to 30 December 1985 both dates inclusive.

Certificates will only be accepted for exchange after 30 December provided that all dividends declared prior to that date have been claimed.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office, Unilever House, Blackfriars, London EC4P 4BQ.
28 November 1985.

4% REDEEMABLE CUMULATIVE PREFERENCE ORIGINAL SHARES

The dividend will be paid on and after 2 January 1985 against surrender of Coupon No. 72. Coupons should be sent to one of the Paying Agents in the Netherlands accompanied by an income tax form for relief from Dutch tax obtainable from Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA, from which fuller details of the dividend may be obtained.

MELLON BANK NA

USD 250,000,000 Floating Rate Subordinated Capital Notes
Due November 1996

NOTICE IS HEREBY GIVEN that for the period November 29th 1985 to February 28th 1986 the notes will carry an interest rate of $8\frac{5}{16}$ per cent per annum.

Interest payable on 28th February 1986 will be US$1,050.61 per US$50,000 note.

Chemical Bank
as Agent Bank

AAC

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(Incorporated in the Republic of South Africa)

Registration No. 01 05309 06

Dividend No. 113 on Preferred Stock

Dividend No. 113 of three per cent for the six months ending December 31 1985, has been declared payable on February 3 1986 to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on December 20 1985, and to persons presenting coupon No. 113 detached from stock warrants to bearer.

The stock transfer registers and register of stockholders will be closed from December 21 1985 to January 3 1986, both days inclusive, and warrants dated February 3 1986 will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about January 27 1986.

Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on December 23 1985 of the rand value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before December 20 1985.

The dividend on stock warrants to bearer will be payable to persons presenting coupon No. 114 detached from such warrants, only at the Coupons Department of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX. The effective rate of non-resident shareholders' tax is 13.884 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 1st Floor, Edura, 40 Commissioner Street, Johannesburg 2001 and Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

By order of the board
C. L. MALTBY
Secretary

London office:
40 Holborn Viaduct
London EC1P 1AJ

Head office:
44 Main Street
Johannesburg 2001
November 29 1985

REFINERIA DE PETROLEOS DEL NORTE S.A. PETRONOR

LOAN OF US$15,000,000 8½% 1971/1986

We inform bondholders that the US$1,500,000 redemption instalment due on December 30, 1985 was partly met by purchases in the market. For the redemption of the remaining amount of US$1,134,000 one, a draw by lot took place in the presence of Madame Jeanne HOUSSE, notary public for Luxembourg.

Consequently, the 1,134 bonds of US$1,000 numbered 8703 to 13043 inclusive taking account of numbers already drawn for preceding instalments, will be redeemable at par, coupons at December 30, 1986 and subsequent attached, as from December 30, 1985, date at which they will cease to bear interest.

Redemption and payment of interest: CREDIT LYONNAIS, Luxembourg; CREDIT LYONNAIS, Paris; CREDIT LYONNAIS, New York; CREDIT LYONNAIS, Brussels; CREDIT COMMERCIAL DE FRANCE, Paris; KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg; KREDIETBANK N.V., Brussel; COMMERZBANK A.G., Frankfurt; BANCO DI ROMA, Rome; AMSTERDAM-ROTTERDAM BANK N.V., Amsterdam; BANCO DE BILBAO, Amsterdam; BANCO DE VIZCAYA, Bilbao.

It is recalled that the following bonds previously drawn by lots, have not yet been presented for repayment:

18.11.1983: 7911 to 7920, 8046 to to 8049, 8050 to 8051, 0068 to 8071, 8825 to 8834.

15.11.1984: 10158 to 10168, 10209 to 10212, 10381, 10260, 10876 to 10877, 10481, 10486 to 10439, 10511, 11077 to 11079.

Amount not yet redeemed after this fourteenth instalment: US$2,200,000

The Fiscal Agent
CREDIT-LYONNAIS-LUXEMBOURG

C. ITOH & CO. LIMITED

ANNOUNCE THE FOLLOWING:—

It has been determined at a Board Meeting held on 31st November 1985, that the interim dividend for the year ending 31st March 1986 shall be paid to shareholders of record as of 30th September 1985 at the rate of 3.50 Yen per share on or after 16th December 1985.

The semi-annual report for the six months ended 30th September 1985 will be available at Hambros Bank Limited and Banque Internationale à Luxembourg by the end of December 1985.

HAMBROS BANK LIMITED
20th November 1985

UK COMPANY NEWS

Redland boosted by UK activities

THE UK ectivities of Redland made good progress over the first six months and helped the group offset lower contributions from botb its overseas operations and its associatea.

The half year to September 28 saw group turnover rise from £565m to £603.9m aed pre-tax profiis improve by £2.4m to £50.7m, an increase of some 5 per cent.

In view of the eernings performance (up from 12.9p to 14.2p) the net interim divideed is beieg raised by 0.3575p to 3.9325p per 25p share.

Trading in ibe secoed six months in the UK has started well and, in the absence of a repetilioo of last year's exceptionally bad weather, the dirertors say profits will show an increase over the comparable period.

In West Germany, Braas & Co is still experiencing the effects of redured demand but there are indicalions that the outlook is more siabie.

Redland Worth Corporatioe is continuing to trede strongly and Monier's acuvities in both Austraiie and ibe US remaie buoyant.

For the year as a whole the directors are sticking to their prediction made at September's AGM that they do not expect a major advance in pre-tax profits (£106.2m in 1984-85) but that there sbould be some improvement at the earnings level £49.6m after extraordinary debits of £9.7m).

The group, based at Reigale, Surrey, is a supplier of materials and services to the constructiop industry eed a fuel distributor.

Operailng profits for the first six months showed ae improvement of £3.5m at £56.8m. The UK coetributioe rose from £27.7m to £32.8m but from overseas profits fell by £0.6m to £12.9m. The associates cbipped in £1m less et £11.1m.

Interest charges rose from £5m to £6.1m but tax fell by £1m to £17.4m to leave eet profits at £33.3m, compared with £29.9m. Minorilies accoueted for a same-again £2.9m.

Retained profits emerged at £22m (£19.3m) after taking account of dividend payments of £8.4m (£7.7m).

The majority of overseas subsidiaries and associates draw up accounts to December 31 and therefore tbe results for these companies are for the half year ended June 30.

See Lex

	Half-year Sept. 1985 (£m)	Half-year Sept. 1984 (£m)
Turnover		
UK	271.4	248.1
Overseas	150.4	189.6
Associates	182.1	127.3
	603.9	565.0
Operating		
UK	32.8	27.7
Overseas	12.9	13.5
Associates	11.1	12.1
Interest	6.1*	5.0*
Pre-tax	50.7	48.3
Tax	17.4	18.4
Minorities	2.9*	2.9*
Attributable	30.4	27.0
Dividends	8.4	7.7
Retained	22.0	19.3

* Debit

Mr Colin Corness, chairman of Redland

Weir sells stake in pump maker

Weir Group is selling its 50 per cent stake in the Nottinghamshire-based pump maker, Worthington-Simpson to Dresser Industries of Dallas, Texas, for £5.32m. Dresser bought the other 50 per cent eerlier this year from McGraw-Edison.

Weir is elready associeted with Dresser ie a joiet venture arraegemeets under which tbey supply pumps to the US market. The sale will not affect that venture.

The proceeds of the sale will be used to reduce borrowings, which in the year to December 28 1984 had risen from £14.58m to £18.97m, mainly as a result of the buyieg of e 28.2 per cent stake in Yarrow at a cost of £3.5m.

In the yeer Weir's accoonts showed pre-tax profits of £920,000 and an associated tax charge of £340,000 attributable to the Worthington - Simpsoe ievestment. It carried a value of £5.52m in the balance sheet.

Divideeds received from the company during tbe year totalled £390,000.

Worlhington had ipcreased its profits by 50 per cent in what Lord Weir, chairmap, described as difficult conditions.

He added that during the present year the group inteeded to make further progress in shifting resources to areas of the epgineering industry where prospects for growth were better.

The purcbase of Yarrow stake was said to be an important step in these moves. Yarrow is a maritime designer and maker of electronic control systems.

Dawson's markets 'buoyant'

Dawson International, the Scottish knitwear manufacturer, has iecreased taxable profits by 16 per cent to £14.6m in the half year to September 30 1985.

Mr R. Miller, the chairman, saya that markets were particularly buoyant and bigher sales were recorded in almost every one of the group's 26 companies. Turnover for the half year showed an increase of over £18m, or 14 per cent, from last year's £127.28m.

With earnings per share 18 per cent al 6.6p (5.6p) the interim dividend is raised from 1.73p to 1.9p, after takieg ieto account the oee for two scrip issue last Juee. A total of 5.412p (edjusted) was paid last time.

Mr Miller adds "the success of the company's marketing efforts has secured increased customer acceptapce and a number of companies beve been operating at or near to capacity levels."

In response to the strong demand for the group's products steps have been taken to iecrease production facilities. The latest of these relates to the Pringles of Scotland subsidiary, which has just eenounced a £6m expansion programme "which will in due course employ over 500 additional persons," according to the chairman.

Tax for the year was up at £5.24m (£4.94m), leaving ettributable profits et £9.35m (£7.7m).

● comment

An army of tourists buying Scottish sweaters, stroeg demand in most world markets for luxury knitwear, and a shift in its product mix towards higher margin cotton and cashmere goods have ensured an excelieet first half for Dawson. The effect of e rising pound bas so far been neutral: Dewson covers most of its currency exposure, and as it uses everage exchange rate to translate foreign profits, the rate for the first balf was barely changed from last year's rate. However, a sharply wesker dollar during the secoed balf would depress sterlieg profits from Morgan, US thermal underwear subsidiary, while a dwindling flow of tourists to Britain would elso affect demand. These are solitary clouds in en otherwise bright picture. Cepacity, iocreasingly a coestraiet on growth, is now beieg extended, e major programme is uederwsy to expand Pringle, fur fabrics, KSW and Morgan. The balance sheet is exemplary, and despite record capital expeediture, casb balences at year eed are likely to be higher than et the outset. Profits for the full year of £39.5m would imply a feir p/e ratio of 12 at yesterday's sbare price of 220p.

Morland up at £2.4m despite poor summer

ALTHOUGH directors say the summer weather was consistenily unhelpful and sales consequently below best expectations, Morland & Co, Abingdon, Oxfordsbire-based brewer and soft drink manufacturer, reports an increase in pre-tax profits from £2.18m to £2.39m for the year ended September 30 1985.

At the interim atage profits were abead from £926,820 to £1.03m from turnover of £8.22m (£7.47m)—for the full year turnover reached £16.84m, against £15.74m.

The directors then said that profits for the whole year would be largely influenced by the summer trade.

They now say that although the disappolnting summer affected the short-term results, the company bas made good progress in several important directions during the 12 months;

On the wholesale side, the company has introduced pew terma of trade to improve competitiveness, and is fectoring a full range of soft drink and ciders.

The directors add that Morland has undertaken a major scheme to improve the ability of the brewery to bandle lager.

After a tax charge of £945,000, compared with £860,000, earnings per share are shown as 13.1p (16.4p) while the dividepd is stepped up to 6.375p (5.75p) net with a final payment of 4.125p.

Bolton Textile makes progress to £111,000

Pre-tax profits of Bolton Textile Mill Company increased from £93,000 to £111,000 for the year ended April 30 1985 despite losses of £93,000 from companies which ceased trading during the year. Turnover amounted to £12.91m, against £15.51m.

After tax of £4,000 (£9,000 credit) earnings per 5p share are shown as 1.17p (1.11p) and again there is po dividend—the last paid was in 1982.

There was an extraordinary debit for the period of £105,000 (£758,000) which mainly comprised a further provision—£64,000 (£682,000)—for ipterest on tax (1984—tax and interest thereon) arising from the sale of the former bead office in 1980.

TKM calls for £12.6m to reduce borrowings

By Charles Batchelor

Tozer Kemsley & Millbourn (Holdings), the motor dealership and property group, is raising £12.6m by an issue of convertible preference shares so as to take advantage of discount granted for the early repayment of its bank borrowings.

The company will issue 32.28m new 8.5 per cent convertible cumulative preference shares of 20p each at 40p per share on the basis of three new preference shares for every 18 ordinary beld TKM's shares rose 2p yesterday to 67p.

Industrial Equity (IEL Groep, the Australian investment group which is controlled by Mr Ron Brierley, a New Zealand businessman, will take np its proportion of the new equity.

It has underwritten the balance of the issue for no commission but the relative price of the new and existing shares mean IEL is not expecied to take np any edditional shares and will remain with a 62.25 per cent stake in TKM.

IEL emerged as the controlling shareboider in TKM last June when it bought 53m eewly issued shares for £12.7m in an operation which doubled TKM's share capital. IEL had built np e 25 per cent boldieg over tbe previous three years.

At that time TKM rescheduled its borrowings, which amounted to £48.3m. Repayment in full before July 1986 would lead to a discount of £7.7m, it was agreed.

The £12.6m net raised by tbe lelest rights issue and the £2.4m discount tbey generate will be used to cut TKM's debts by £15m.

On the basis of the strengthening of its belance sheet which will result from the debt repayment TKM plans fo eegoliate a new loan facility by June 30 1986, repay the balance of its long-term borrowings and obtain the full discount.

TKM forecasts thet pre-tax profits would fall to about £4m in the year ending December 1985 from £5.2m in 1984. This decline is tbe result of significantly increased trading losses from the North American property division. Automotive profits are expected to improve.

Royal Bank's 27% rise confirms merger success

BY CLIVE WOLMAN

Royal Bank of Scotland yesterday confirmed the success of the recent full merger with Williams & Glyn's and moves into merchant banking and motor insurance with a 27 per cent rise in full year pre-tax profits to £166.3m.

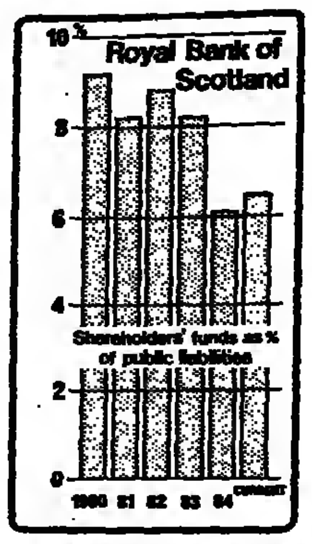
Ope main factor behind the larger than expected increase, despite sbarply higher bad debt provisions, was profits from foreign currency dealing which came to nearly £20m. The bank attributed this to wide spreads charges by its dealers in volatile market conditions.

The final is 6p, making 9.6p for the year ending September 30, and representing a 19 per cent iecrease on the 1983-84 total dividend after adjusting for this year's rights issue. Earnings per share give a cover of 3.7.

Although full tax of £71.6m has been provided for, the bank does not expect to pay any mainstream corporation tax in the curreet year. This is a consequence of the volume of ieasing busieess being undertaken to make use of the 50 per cent first year capital allowance before it is withdrawn on March 31.

Costs of mergieg Williams & Glyn's, which included changing its name, are estimated at £11m inclusive of £7m spent oe staff. The bank, however, expects the costs to be recouped quickly, in particular because of the curtailing of duplicatioe of data processing aed ceetral management functions and rationalisation of its branch eetwork. Royal Bank says thei there bas beee negligible adverse reaction from English customers to the name change made two months ago.

There are plana to open about 80 branches over the next 10 years to boost the bank's preseece, particularly in the south of England. Expansion through acquisiton of e building society will be considered when the new building society legislation takes effect, if e society with e suitebly located branch eetwork is available.



The Cherterbouse Group merchant bank put in a "creditable" profits performance since its acquisition for £155m in January. Profils during the year post-acquisilion came to £9.6m.

The bank says the move into motor insurance in the spring in a venture in which it beers the underwriting risk hes been successful. Policies are being sold at a rate of 300 a day, although this is still about 25 per ceet below target.

Growth in current eccounts, stimulated by the offer of free-if-in-credit banking, slowed down to 10 per cent. But tho bank bas been able to maintain the proportion of its sterling funds which come from current accounts (on which no interest has to be paid) at 18 per cent. Most banks have suffered from depositors switching to interest-paying accoueis.

Royal's mortgage portfolio rose to £500m by the end of the year. And tbe velue of personal unsecured leeding, which has exceptionally bigh profit margins, was slightly greater.

Bad debt provisions rose from £38.5m to £47.7m, reflecting continuing difficulties faced by UK corporate borrowers despite the high rate of economic growth. Profits from international activities, excluding foreign currency dealing, were flat.

See Lex

Century Oils recovery continues

THE STRONG progress seen in the second half of last year continued into this for Century Oils Group. With the effects of the miners' strike behind it, pre-tax profits of £2.51m were reported for tbe aix months to September 30 1985, against £148,000 last time.

The recovery was marked by an increase in the interim paymeel from 1p to 1.5p, with part of the rise ieiended to reduce disparity between the two paymeets.

Turnover for the Stoke-on-Treet-based maker of lubricants and allied products improved by 22 per ceot to £44.37m, againsl the comparable £36.45m. Earnings per 10p share came out at 5.61p (1.08p).

Mr Charles Mitchell, chairman, says that turnover and profits reflect a resumption of more pormal trading withip the UK mining sector and with continuing progress ie the other areas of operation. The corresponding figures were hit by tbe rosts of maintaiping full services to customers during the strike.

Last year tbe full year taxable earnings came to £1.2m, from which a divideed of 3.5p was paid.

Mr Mitchell adds thet profits were helped by last year's cost cuts. The reorganisation of the US operation continue but it is not expected that tbe full benefits will be seen until next year.

The geographical and product bases were extended during the period and improvemeets in customer services introduced. The board is confident tbat with the removal of exceptional factors which affected trading in the last few years, the company will be better placed to meet its objectives.

Operating profit came out at £3.32m (£943,000) to wbich was added other income of £56,000 (£41,000). The pre-tax figure was struck after ieterest charges of £865,000 (£836,000).

The tax charge was £1.08m, against a credit last time of £111,000.

● comment

Century Oils' ieterims demonstrate clearly the bepefits of the end of the miners strike. The yeer to March was the worst for the company since 1978 as the costs of producing and distribnting its lubricents and fire resistapt fluids to the NCB remained in place bul the profits did not. The story in this balf is of the recovery of NCB demand—about a quarter of Century's output goes to the mines. However, as use of the company's products depends directly on the eumber of machines employed cutting coel, there will never be a compiete return to pre-strike normality. Oetside the UK the company has experieoced stroeg falls in sales in Africa and the stronger poond has weakened the overseas contribution to under half the total. The shares steadied at 90p, the high for 1985, on these good figures and the expectation is that a record £5.5m should be achieved this year. With a 43 per cent tax rate lhe shares are on an prospective multiple of 7 wbich is on the low side even if the company is rated, perhaps more properly, along with the engineers rather than the oils.

Self regulation Raper style

David Goodhart looks at the latest DTI report on the business activities of Mr Jim Raper (left)

IN THE MIDST of a renewed bout of concern over City self-regulation it is eppropriate that Mr Jim Raper — the old bete noire of the self-regulators — should reappear in public view.

The occasion of his reappearance — the publicatioe of an inconclusive Department of Trade and Industry report into his acquisition of the Westminster Property Group in 1982-83 — may seem of rather historical interest.

A large part of it certainly is academic — although the history is dramatic enough, involving some intrepid detective work oe a Mr Stuart Withers who, like e character from a James Boed movie, claimed to be establishing a eetwork of spies aroued the world on behalf of the Seychelles government.

But tucked away in the final paragraph of the DTI's Press release accompanying the report is the key sentence: "On November 26 1985 the Milbury inspectors were appointed under Section 442 to investigate the membership of Westminster in light of more recent events."

What this means is that the latest dispute over Raper's alleged asset-strip of Milbury Homes — which blew up this summer — will now be looked at with an eye oe relationships formed at the time of the original Westminster row, including that with Mr Tereece Furey, whose company Crinkleleaf has featured in this year's row.

Evee before the 1983 wrangle, Mr Raper was already well-known as e City bad boy as a result of bia acquisition of St Piran in 1980. The Take-Over Panel described him es "unfit to be a director of a public company," and froze St Piran's share listing.

Mr Raper struck back by describing the paeel's actions as "disgraceful" and of acting like a "Star Chamber." A DTI inquiry backed the panel end callee on the Trade Secretary, Mr John Biffen, to wind up St Piran. He declieed to do so, provoking outcry from the Stock Exchange that self-regulation could eot work, paradoxically, uoless it got the proper statutory back-up.

Ie February 1983 Raper struck agaio. He had already built ep e 29.9 per cent stake in tbe Westminster Property Group—the maximum allowed under Take-Over Panel rules before you bave to make a bid—and was negotiatieg with Mr David Kirch, a Jersey-based property developer, to acquire another 15 per ceot.

In Juee 1983 the embattled board of Westminster requesied an eequiry into whether St Piran bad acquired more than 30 per cent without making a full bid. It is the result of that enquiry —by the two DTI inspectors, Mr Bryan Welcb and Mr Francis Pullieg—which bave now more than two years later been published.

The report focusea oe Mr Withers, whom they coeclede "was probably acting for the beoefit, and on the instructioes, of a third party. In all the circumstances our view ia that this third party is likely to have been Saint Piran or some persoe coneected with that company."

Mr Withers—through his solicitors—told the inspectors that their conclusioes were "enfounded, wholly iecorrect and erroneously conceived."

What aroused their suspicion about Mr Withers was that e man who on his own sdmissioe knew little about the stock market should disregard the advico of his stockbroker — Mr Brown of Henry Cooke Lumsden — and spend over £300,000 acquirieg pearly 1m shares in Westminster.

They also asked him about two aeparate paymeets of £200,000 into bis Barclays Baek account, first from a Zurich bank and then from a Gepeva bank.

The source of the two payments was explained in a letter from bis solicitors which claimed that be bad been instructed by a Mr Brian Burns, e person acting on behelf of the government of the Seycbelles, to establish a network of agents in various parts of the world for the purpose of monitoring and reprting on subversive organisations which might want to overthrow that government.

The inspectors found that Mr Burns' eddress and telephone eumber were those of the Seychelles office of Messrs Halpern and Woolf, chartered accountants, who "vaguely" remembered him as someone who used them as an accommodation address.

Mr Burns subsequently rang oee of the inspectors from South Africa to explain that Mr Withers was engaged in a long term operation to infiltrate groups of mercenaries.

The inspectors' scepticism waa heightened by Mr Withers' refusal to aeswer more detailed questions about the funds from the Swiss banks.

He has as a result been fined £2,500 for contempt by Mr Justice Vinelott.

While the case may have raised fascinating legal issues as to what constituted sufficient proof, the whole iequiry appeared to have beep overtaken by events when in September 1983 Mr Raper was readmitted to the fold. Unexpectedly he agreed to make a full bid for Westminster through his vehicle company Milbury, the Stock Exchenge expunged its ruling that be was "unfit to be a director of a public company," and self-regulation appeared to heve been vindicated. (Some ex-Westminster shareboiders now wonder why the bid was allowed et all while the DTI inquiry contieued).

In August 1985 however the High Court beard renewed allegations against Mr Raper — namely thet Milbury's most valuable parts, including Westminster, had been quietly sold.

The new DTI ieapectors appointed to look at the affairs of Milbury immediately became interested in e number of people involved in the earlier Westmintser inquiry—most notably Mr Terence Furey, a director of Crinkleleaf, the company which bas now acquired Westminster.

The DTI might be said to be going back for a second bite of the cherry. But the spokesmen for the Milbury minority shareholders continue to fear that their investment may have dwindled away.

BOARD MEETINGS

TODAY

Interims: Chamberlin and Hill, Erskine House, Headlam Sims and Coggins, Kleen-E-Ze, Lewmar, Rolfe and Nolan Computer Services, Sarasota Technology, Scottish and Mercantile Investment, Sims Catering Butchers.

Finals: Circaprint, Fitzwilton, Tomkinsons.

FUTURE DATES

Interims—

Boosey and Hawkes	Dec 6
Cook (William) (Sheffield)	Dec 16
Israel (Jack L.)	Dec 3
M and G Second Dual Trust	Dec 11
PWS International	Dec 4
Property and Reversionary Investments	Dec 5
Smith and Nephew	Dec 5
Tinsley (Eliza)	Dec 17
Tiphook	Dec 9
Vinten	Dec 9
Whitecroft	Dec 9

Finals—

Adam Leisure	Dec 12
McCorquodale	Dec 10
Wolverhampton and Dudley Breweries	Dec 6

LADBROKE INDEX
1,127-1,131 (−6)
Based on FT Index
Tel: 01-427 4411

Akzo £14m agreed bid for Blundell-Permoglaze

BY LIONEL BARBER

AKZO, the Dutch chemicals giant, yesterday announced an agreed £13.6m cash bid for the troubled British paint maker, Blundell-Permoglaze Holdings.

The Dutch bid follows a boardroom shake-up at Blundell last month when the chief executive was sacked. And the finance director resigned after the paintmaker revealed interims losses of £767,000 in the eight months to the end of June on turnover of £22m. A loss for the full year to December 1985 is expected.

Akzo, which is offering 175p in cash for each Blundell share, has gained irrevocable acceptances from the directors and several institutional shareholders for the bid. Together with buying in the market yesterday through their advisers SG Warburg amounting to 3.5 per cent of the equity, Akzo now holds just under 35 per cent of Blundell.

The 175p cash bid — which includes a loan note alternative — was well above yesterday's opening price of Blundell shares of 145p.

Mr Kenneth Brown, corporate acquisitions director at Akzo, said last night: "Every company (Blundell) has its setbacks, but we are buying a fine name with a fine reputation."

Mr Robert White, chairman of Bludell-Permoglaze

Blundell ranks among the top ten British paint-makers, specialising in the manufacture and sale of decorative paints used for wall and wood coating. It has paint manufacturing subsidiaries in Ireland and West Germany, but perhaps its biggest attraction for Akzo is its modern plant at Hull.

The acquisition will give Akzo, specifically its wholly-owned subsidiary Akzo Coatings, a manufacturing facility in the UK. The division (turnover £470m in 1984) is currently represented in the UK by Sikkens which imports its paint from Holland and specialises in the UK car market.

"We think we can put the Hull plant to fuller use and our research and development will enable Blundell to strengthen its product range," said Mr Brown.

Blundell has fallen victim in the past 12 months to fierce price competition in the UK paints market. This has made it harder for the company to make price rises stick, while the price of one of the key paint ingredients, titanium dioxide, has risen 36 per cent over the past 18 months.

The competition is already causing a shake-up in the paints sector with British Tar Products recently announcing a £9.37m bid for Dufay Bitumastic.

Akzo is offering 100p in cash for each preferred share of £1 of Blundell, valuing the preference shares at around £36,000.

Recovery at Freshbake Foods

PROFITS RECOVERED at the Freshbake Foods Group, frozen foods maker, in the six months to September 30 1985 and rose 67 per cent from £509,000 pretax to £852,000.

The USM-quoted group says the restructuring, integration and consolidation following the four acquisitions made in the year ended March 31 1985 have been completed successfully.

Improvements should continue to be reflected in results although there is still uncertainty about the trading prospects of the frozen chip market.

The interim dividend is held at 0.6p. Last time there was a total of 1.7p.

Operating profit in the six months rose 92 per cent from £569,000 to £1.09m on turnover up 48 per cent from £27.23m to £40.24m. Interest charged was £242,000, up from £60,000. Earnings per share rose 70 per cent from 1.14p to 1.94p.

As forecast, McKellar Watt, Glasgow-based manufacturer of meat and bakery products for the frozen and chilled market, which was acquired in March, made a small profit for the half-year, compared with a pre-acquisition £1.1m loss for the 10 months to March 31.

Muirson Food Brokers International produced another good performance for the period. Chef Foods, however, experienced difficulties due to its entry into the frozen chip market.

Baughans Foods, part of the distribution division has performed to expectations. Improved premises secured for the north-west and south-west depots should be fully operational by the end of the financial year.

Group results exclude the under-provision of costs and expenses, amounting to £6,000, in respect of the acquisition of McKellar Watt. These are treated as extraordinary items for the year.

Results for the comparable period, excluding the costs and expenses for the acquisitions of Baughans Foods and Muirson Food Brokers International, estimated at about £200,000, were treated similarly.

The group expects second-half results to reflect the seasonal increase in trade, but they will also have to absorb associated transfer costs from its new factory at Peterlee and the new Baughans depots. Nevertheless, directors expect a continuing improvement in profits for the full year.

• comment

Buying unprofitable food companies and turning them around is not as easy as the intrepid management of Freshbake may have thought when it made four important acquisitions last year. At least these results show that the company is now extricating itself from the immediate chaos brought about by overly ambitious expansion. The operations of the four companies are being centralised in a programme that cost about £2m last year and this year is likely to cost half as much again. Margins, still well below their pre-acquisition levels, are beginning to recover, although the full benefits will not be felt until next year. The market did not take kindly to last year's drop in profits but is now hopeful that all will go right and the shares have risen from the year's low of 60p to 82p yesterday. If Freshbake can make £2m in the current year, the p/e ratio is 17. On that sort of rating if the benefits of the rationalisation do not start coming through sharply, or if the company embarks on another spate of aggressive purchases, the shares could come down with a bump.

Troubled RTD in £11.3m merger with Oyez Intl

BY CHARLES BATCHELOR

RTD Group, the loss-making Irish engineer, is to merge with Oyez International Business Communications, (OIBC) a private British group, to create a new holding company, International Business Communications (Holdings) (IBC), valued at £11.34m.

IBC plans to expand OIBC's existing business of professional, scientific and professional conferences and seminars and related publishing. It will also continue RTD's slimmed-down engineering activities which are expected to return to profit in 1986.

Mr Michael Bell, chief executive of IBC, said OIBC's senior managers had engineering and industrial backgrounds while there would be an exchange of information between the two sides of the business.

IBC expects to make a pre-tax profit of £550,000 on turnover of about £9m in the period ending December 1985. The conference and publishing business will make a profit of £745,000 in the year ending December on sales of £6m but RTD will make a loss of £195,000 in the 10 months ending December.

IBC is not making a profit forecast for 1986 but it expects to pay a total dividend of 2.25p per share. RTD last paid a dividend in 1977.

OIBC and RTD opted to create a new British-registered holding company to avoid OIBC's business becoming part of an Irish-registered company. RTD no longer has any operations in Ireland.

IBC will issue 9.45m shares for OIBC and a further 3.15m shares to acquire RTD on the basis of one IBC share for every three of RTD.

A further 2.52m shares will be placed by brokers Capel-Cure Myers at 75p each to raise £1.65m for IBC net of expenses, while 630,000 shares of the 9.45m will also be placed to raise £472,000 for the five shareholder directors of OIBC.

IBC will have a total of 15.12m shares in issue valued at £11.34m. The shareholder directors of OIBC will hold 58.3 per cent; RTD shareholders will own 20.83m and a further 20.83m will be held by the public.

OIBC was founded in the late 1960s as a conference organiser, and decided in the mid-1970s to merge with a business information publisher. It was bought by The Solicitors' Law Stationery Society but differences in management style led to a management buyout of OIBC.

Silvermines

SILVERMINES has acquired a 35 per cent stake in a recently formed oil and gas exploration company Ardmore Petroleum that will explore for oil and gas in Irish and international territories. Silvermines has subscribed an initial I£1.5m (£1.2m) and entered into commitments to make available a further I£2m if required.

Moran Tea misses profit forecast

Moran Tea Holdings, a property investor and developer in addition to its Indian tea manufacturing interests, has failed to meet the profit forecast it made last March.

The directors then said that profits after tax for the 18 month period to June 30 1985 would be more than £500,000, despite the fact that this would be after the full rate of Indian tax. In the event, the outcome was £476,956—down from £732,849 for the 12 months to end December 1983.

Before a much increased tax charge—up from £27,805 to £1.56m—the profit was £2.05m (£784,018) for the year and a half, including a full year's result from the 51 per cent interest in KMS Group, acquired in July last year.

There was also an extraordinary profit of £227,994 (£240,151) which includes the redevelopment of the Riverblock warehouse at Wapping, London, in conjunction with Barratt Developments. The Indian subsidiary has again increased its crop, and tea prices during the 18 month period have been at a record level, say the directors.

There is a final dividend of 7.5p making 18.5p for the 18 months, against 10p for the 12-month period.

Owen Owen accepts

Holders of 7.33m Owen Owen shares have accepted the offer made by Ward White Group and it has become unconditional. Ward White now owns or has received acceptances in respect of 7.54m Owen Owen shares, representing 78.8 per cent of its issued ordinary capital.

Acceptances of the cash alternative have been received in respect of 2.51m new Ward White ordinary shares. The cash alternative has now closed.

IEP Secs lifts Molins stake to 8.87%

IEP Securities, the Sydney-based company controlled by Mr Ron Brierley, a New Zealand-based businessman, has bought 400,000 more shares in Molins, the cigarette machinery manufacturer, taking his holding to 2.6m shares or 8.87 per cent of the equity.

Molins' management, headed by Mr Christopher Ross, the managing director, is currently staging a £49.8m buy-out of the company with the backing of a group of City institutions.

Mr Ernest Burton, Molins' finance director, said: "We spoke to IEP in mid-summer and were told they saw their holding as a two-to-three-year investment. Their recent purchases appear odd in the face of our recent announcement (about the management buyout). We find it difficult to interpret."

COMPANY NEWS IN BRIEF

MARINE Adventure Sailing Trust raised net asset value per ordinary share to 207.3p on September 30 1985, from 188.2p at the same time last year. Gross revenue in the first half was £236,000 (£185,000) and net revenue after tax was £15,000 (£10,000).

WHITTINGTON Engineering raised pre-tax profits by 11 per cent in the six months to September 30 1985, from £16,754 to £18,686 on turnover down from £624,884 to £591,628. Trading loss was reduced to £9,966 (£13,363). Earnings per share rose to 0.98p (0.81p). The interim dividend is held at 1.4p.

Country Gentlemen's Association, which supplies financial and other services to its members and others, raised turnover by more than 12 per cent in the six months to June 30 from £1.36m to £1.53m, but pre-tax profit fell from £132,129 to £123,744. After tax, however, it was £68,060 against £67,849. The company expects the results for the full year to be better than last year.

PACIFIC INVESTMENT TRUST net asset value per share fell from 104.8p to 93.3p as at September 30 1985. Revenue came out at £112,000 (£173,000) for the six months to that date after tax of £67,000 (£142,000). Earnings per share are shown as 0.22p (0.35p).

J. HENRY SCHRODER WAGG & CO, financial adviser to Matthew Brown has purchased through the market 25,000 ordinary in the company at 568p each.

Stakis, Glasgow-based hotelier, restaurant and gaming proprietor, is acquiring Montforth, which has the freehold property of the St Annes Manor Hotel, Wokingham, as its sole asset.

Total consideration is £1.06m cash and the issue of 630,630 ordinary Stakis shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
James Burrough§ ...int.	4	Dec 16	4	—	10.6
Davenports Brewery ...	6.4	Jan 31	5.4	9	9
Century Oils ....int.	1.5¶	Jan 31	1	—	3.5
CPT Holdings ...2nd int.	1‖	Dec 31	5	2	6
Dawson ....int.	1.9	Nov 30	1.73*	—	5.47*
Freshbake Foods ...int.	0.6‡	—	0.6	—	1.7
Moorgate Merc. ......int.	0.5†	Mar 11	0.45	—	1.45
Moran Tea	7.5	—	6	18.5**	10
Morland	4.13	—	3.75	6.38	5.75
Penny and Giles ......int.	0.68‡	—	—	—	1.35
R/Bank Scotland	6†	Jan 21	5.2	9.6	8.5
Scot. Inv. Trust	3.95	Feb 12	3.47	5.95	5.17
600 Group ....int.	2.34	Jan 20	2.34	—	5.5
Whittington Eng. ...int.	1.4	Jan 31	1.4	—	4.4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Partly to reduce disparity. ‖ Irish pence throughout. ** For 18 months.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 27 1985	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	1,000,057,903	— 414,489,890
Bankers Deposits	727,809,253	— 32,800,619
Reserve and other Accounts	1,683,742,509	+ 236,836,311
	3,425,562,745	— 210,454,191
ASSETS		
Government Securities	626,007,771	— 86,345,000
Advance & other Accounts	769,670,518	— 141,386,061
Premises Equipment & other Secs.	2,190,266,061	+ 16,847,799
Notes	8,316,445	+ 485,123
Coin	401,950	— 56,052
	3,495,562,745	— 210,454,191

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,150,683,555	+ 109,534,977
Notes in Banking Department	9,316,445	+ 465,123
	12,150,000,000	+ 110,000,000
ASSETS		
Government Debt.	11,015,100	—
Other Government Securities	853,053,889	— 475,541,359
Other Securities	11,285,925,011	+ 585,541,358
	12,150,000,000	+ 110,000,000

UK COMPANY NEWS

Further progress at 600 Group

ALL DIVISIONS of the 600 Group were profitable during opening six months and at the trading level the machine tool manufacturer saw its profits rise from £2.29m to £3.06m, an improvement of 34 per cent.

The second six months will see profit contributions for the full period from recent acquisitions and with order books for manufactured products remaining high the directors are looking to the group to make further progress.

Meanwhile, they are holding the interim dividend at 2.34p net.

Group turnover for the six months tto October 12 pushed ahead from £94m to £108m. Trading profits were after higher depreciation and interest costs.

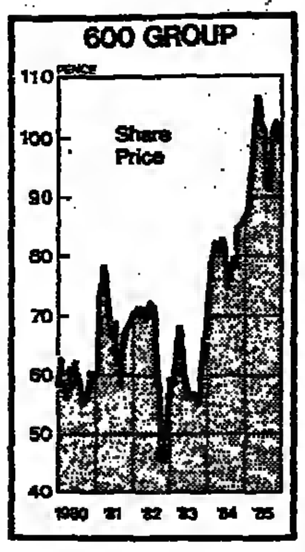
Pre-tax profits came through £404,000 lower at £3.26m as a result of lower contributions from property sales and associates.

Tax rose from £1.38m to £1.63m to leave the net balance at £1.63m, compared with £2.28m previously, for earnings of 3.5p (5p) per 25p share.

Minorities accounted for £7,000 (nil)—there were no extraordinary items (£5.51m credit).

During the first half the machine tool and engineering activities showed a marked improvement, helped by the acquisitions of Clausing's Industrial Distribution Group in May and F. Pratt Engineering in March.

Sir Jack Wellings, 600 Group chairman



The results of the iron and steel divisions were well down through adverse movements of scrap prices.

The half year saw a number of unusual setbacks, including losses arising from a labour dispote at a major subsidiary; a very large increase in product liability insurance premiums of £600,000 a year (425 per cent); a reduction in profits due to exchange movements; and a substantial loss in South East Asia.

Tha 1984-85 year saw group pre-tax profits rise from £3.84m to £7.62m, largely because of a £5.56m turnround to a surplus of £3.5m by the machine tools division.

● comment

The 600 Group warned last year that property sales would no longer feature largely in its profits and it was the £785,000 downward swing on this item that led to the drop at the pre-tax level this time round. Holding down trading profits was a £300,000 increase in the insurance premium and a eostly go slow in the UK. The near collapse of the South East Asia market bas led to a decision to run down stocks and staff in Singapore—although closure is ruled out. Acquisitions Clausing and F. Pratt contributed very little to this first half as the emphasis was on integration and rationalisation but in the closing period the full benefit of these two purchases should be coming through. For the full year the City is looking for £7.5m which implies an earnings multiple of 12 on the shares at 99.5p, down 8.5p. This seems about right given that all the 1984-85 recovery is now in the price.

Abbeycrest 30% ahead and beats forecast

Abbeycrest, Leeds - based jeweller which came to the USM in May, has lifted pre-tax profits by 30 per cent in the year to end-August 1985.

On turnover up from £6m to £7.6m, the pre-tax result came out £176,000 ahead at £760,000, which beats the forecast of not less than £725,000 made at flotation.

The group's principal market, the UK, proved a very strong growth area with both turnover and the number of active accounts increasing the directors state.

In addition, Abbeycrest's main new product area introduced during the year, bangles, has achieved significant sales, and is now firmly established as a market leader, they say.

Since the flotation it has concentrated on satisfying buoyant levels generated from present markets. Sales are currently running ahead of the same period last year, and the directors believe there is every indication that the "significant growth in turnover" envisaged in the placing document can be achieved.

The subsidiary, Jewellery Incentives, after a quiet year previously, is now increasing penetration of the incentive merketing sector the directors say. Current activity levels indicate that it should be a much more significant contributor to group results this year.

After increased tax of £320,000 (£213,000), earnings per 10p share are shown 1p ahead at 7.2p.

As indicated in the placing document there are no dividends for the year. If profits for the balf yeer ending February 1986 are satisfactory, the directors intend paying an interim of 1p.

Scottish Inv. asset value rises 7.5%

Scottish Investment Trust increased its net asset value per 25p share by 7.5 per eent from 324.7p to 349p over the year to end-October 1985.

Earnings per share rose by 12.8 per cent to 5.81p and the final dividend has been increased from 3.47p to 3.95p for a higher total of 5,95p (5.17p).

Net revenue amounted to £5.06m, against £4.5m, after tax of £2.64m (£2.42m). Total gross investment income rose from £9.9m to £11.69m.

Cronite doubles profit as recovery continues

THE RECOVERY continued at Cronite Group, the alloys, steels and foundries concern, in the year to September 30 and profits doubled from £202,000 to £408,000. All companies in the group achieved profits in lioe with their budgets.

No dividend is yet possible, say the directors, as the profits are going towards reducing the deficit on the profit and loss account.

The shares closed 3p higher at 48p yesterday.

Turnover rose 31 per ceot from £14.38m to £18.79m before interest payable of £387,000 (£347,000). Earnings per share advanced to 7.3p (3.6p). As last year, there was no tax charge.

Io their review of trading, the directors say that Cronite Precision and Cronite Steels had very good years. Cronite Precision, the ferrous investment fouodry, bad a wider customer spread and production improved with most orders being delivered oo or ahead of time.

Metal cutting capacity was doubled at Cronite Steels, specialist steel stockholder, to meet customers' needs.

Efficiency also improved at Cronite Castings. Merketing carried out over a wide area helped it achieva a larger and better balance of turnover. Production efficiencies assisted by capital investment should help it make further progress this year.

Croolte Alloys, which deals in bigb alloy and non-ferrous scrap metals, had a reasonable level of activity despite the uncertainty of metal prices and exchange rates. Increased direct exports to end users overseas was a feature of the year.

In September, a small aluminium alloy investment foundry was acquired aod re-named Cronite Alkast. This will complement the product range of the group's ferrous investment foundry, partieularly for defence related work.

Further investment is being made in factory equipment. The group is eonsidering accelerating growth by extending its product hase and its geographical area of activity, by acquisition if appropriate. Further satisfactory results are expected this year.

Cost of money limits Moorgate Mercantile

A MODEST £30,000 improvement in pre-tax profits to £431,000 wes achieved by Moorgate Mercantile Holdings in the balf year to end-September 1985. This would have been greater, Mr Julius Silman, the chairman, says, but for the bigh cost of money experienced by tbis Instalment credit finance and leasing group.

The directors are lifting the Interim dividend to 0.5p (0.45p). For 1984-85 a total of 1.45p was paid oo profits of £830,000.

Group turnover rose by 13 per cent to £13.22m (£11.72m), and the chairman says trading is currently steady and in line with targets. If interest rates remain at the present level until the financial year end, be expects that results for the year overall should show that the progress consistently made by the group is being maintaioed.

Although the directors are pursuing a policy of diversification, group strategy remains to conceotrate on sustainable quality of earnings, the chairman states.

Helical Bar back in the black at interim stage

Helical Bar, fabricator of steel reinforcemeot and property developmeot aod iovestment coocern, bas recovered from last year's losses and turned in taxable profits of £120,000 for the six mooths eoded August 3, 1985.

For the comparative six months there was a loss of £46,000 and although there was a small profit in the second half, the deficit for the whole 1984-85 year amouoted to £33,000.

In their annual review last May the directors said that demand had not improved and that every measure to contain costs rontioued to be essential.

There is again no interim divideod, the last paymeot being in July 1981. Earnings per share are shown as 0.75p (1.5p losses).

The profitability of Helical Properties bas grown since its encouraglog start and margins at Helical Reinforcement bave been sufficient, directors say, to generale a modest profit in the six mooths.

"The turnround from loss to profit for the six months is expected to be at least maiotained io respect of results for the full year in both operating divisions of the company," they state.

The directors point oot that no rootribution was received from the 25 per cent investment in Saudi Steel Reinforcements and trading conditions in the construction Industry remain "very competitive and difficult in Saudi Arabia."

They add that the company cootinues to trade at a loss.

Group turnover increased from £3.57m to £3.71m for the interim period, while operating profits amounted to £142,000, compared with losses of £112,000. Income from fixed asset investments last time added £99,000 and the pre-tax figure was after interest payable, down from £33,000 to £22,000.

After tax of £60,000 (nil) minority ioterests of £36,000 (nil), and an extraordinary credit of £32,000 last time, the retained profit came through at £24,000 (£14,000 loss).

CPI Holdings profits slide continues

COMPETITIVE markets, giving tighter margins, resulted in taxable earnings eootinuing to slide at CPI Holdings, the Marley Irish offshoot. Turnover increased by 9 per cent for the year to end-September 1985 from I£43m to I£47.08m (£39.23m), but pre-tax profits fell from I£1.03m to I£474,000.

The concrete products maker slipped into the red in the first half with losses of I£88,000 (profits I£70,000).

From earnings per share of 2.4p (5.4p), the board has decided to pay a reduced second interim of 1p against last year's 5p, making the total for the year 2p (6p).

The directors say that they expect trading to remain difficult

Trading profit came out at I£937,000 (I£1.47m) and the pre-tax figure was struck after interest charges of I£526,000 (I£481,000).

Penny & Giles expands 40% in first half

Profits before tax of Penny and Giles International in the first half of 1985-86 increased nearly 40 per cent from £296,000 to £414,000 on turnover up 15 per cent from £6.01m to £6.9m.

The company, which joined the USM last December, makes electronie measurement and control instruments "black box" flight recorders. It paid tax of £178,000 (£105,000) in the six minths to September 30 and earniogs per share were 2.62p, up from 2.27p.

The company says orders rontinued et a substatnially higher level than in thep revious year an dit ie maintaining its tevel of export sales.

Turnover and the value of ordere received in the period were consistent with itsp lans for growth, it adds.

It is paying its first interim dividend since joining the USM of 0.68p.

FT COMMERCIAL LAW REPORTS

Railway closure inquiry can refuse to allow cross-examination

REGINA v LONDON REGIONAL PASSENGERS COMMITTEE, EX PARTE LONDON BOROUGH OF BRENT AND OTHERS

Court of Appeal (Lord Justice Slade, Lord Justice Croom-Johnson and Sir Roger Ormrod): November 22 1985

A PUBLIC BODY set up to hear and report on objections to proposed ministerial decisions with a discretion to determine in advance the procedure of any public hearing it might hold may, having regard to circumstances, disallow cross-examination and final submissions by counsel, in that it has no justifiable issue to decide and its criteria of procedural fairness differ from those of a trial.

The Court of Appeal so held when dismissing an appeal by the London Boroughs of Brent, Ealing, Harrow and Hillingdon, and by the Greater London Council, from Mr Justice Kennedy's refusal to grant their application for judicial review of a decision by the London Regional Passengers Committee to disallow cross-examination at an impending public inquiry.

LORD JUSTICE SLADE said that on July 24 1984 British Rail published a notice pursuant to section 56 (7) of the Transport Act 1962, indicating that it proposed to discontinue certain services from certain stations, including Marylebone, on and after May 12 1986.

Subsection 8 of section 56 provided that where objections were lodged with the appropriate committee, the committee should consider them and report to the Minister on any hardship which would be caused by proposed closures. Subsection 13 provided that where the committee decided to hear objections or representations orally, it should hear them in public. Subject to that qualification, it was to determine its own procedure (paragraph 9 (4) of Schedule 3 to the London Regional Transport Act 1984).

After receiving notices of the proposed closures five local authorities submitted written objections. The committee decided to hold a public hearing.

At a meeting on January 30 1985 it carefully considered what procedure to follow. It decided not to accede to a request by objectors for a procedure which allowed cross-examination of British Rail witnesses or final submissions by counsel. Notes of guidance were sent out to objectors reflecting that decision.

The objectors applied for judicial review, seeking an order of certiorari quashing the committee's decision, and an order of mandamus compelling it to allow cross examination and final submissions by counsel.

Mr Justice Kennedy dismissed the application on May 13 1985.

On the present appeal Mr Sullivan for the objectors submitted that the procedure outlined in the January 30 decision was contrary to all principles of procedural fairness. In effect he said that the committee did not possess the discretion to formulate in advance a procedure which excluded cross-examination and final speeches.

Halsbury's Laws of England (4th ed 1973) Vol 1 para 76 stated "A . . . body determining a justiciable controversy . . . must give each party a fair opportunity to put his own case . . . Rejection of a request to be permitted to cross-examine . . . will normally be considered as a breach of natural justice."

The correctness of those propositions was not doubted in relation to a hearing before a body determining a justiciable issue. Where such an issue was involved the mere fact that it was informal or that the persons conducting it were not legally qualified, would not absolve them from the general duty of procedural fairness.

The committee in the present case would not have to determine any issue of a justiciable nature. Its functions were simply to *consider* the objections and any representations made by British Rail, to *report* to the Minister on the hardships (if any) which would be caused by the proposed closure, and to make *proposals* if it thought fit, for relieving the hardship.

In *Bushell v Secretary of State for the Environment [1981] AC 75* a public inquiry was held into objections to motorway schemes. The inspector disallowed cross-examination on Ministry traffic predictions. An application to quash his decision was refused.

Lord Diplock said at page 94,97: "The purpose of the inquiry is to provide the minister with information . . . it would be quite fallacious to suppose that at an inquiry of this kind the only fair way of ascertaining matters of fact and expert opinion is by . . . cross examination. . . Whether fairness requires . . . a person . . . to be cross-examined . . . must depend on all the circumstances."

At pages 121 and 122 Lord Lane said: "This was not a trial . . . It was a local inquiry . . . The obligation . . . was simply to consider objections . . . To say . . . that because cross-examination would have been allowed at a trial it was wrong to disallow it here is to misunderstand the nature of the inquiry. The refusal of cross-examination did not, *ipso facto*, result in unfairness. If cross-examination had been permitted the result would have been . . an even lengthier hearing without any appreciable advantage."

Lord Diplock and Lord Lane were not dealing with a body which laid down procedure *in advance* of holding a public hearing. Nevertheless the clear inference was that they would not have considered refusal to permit cross-examination or final submissions unfair *per se* in the context of an impending local enquiry.

The following principles in regard to the conduct of a public hearing where there was no justiciable issue but where the functions were to report and recommend, were derived from the majority speeches in *Bushell:*

(1) The persons conducting the hearing were under a constitutional duty to conduct it honestly, to the best of their ability, and with procedural fairness.

(2) In default of governing regulations they had a discretion to determine their own procedure.

(3) The fair procedure adopted must depend on the nature of the subject matter and all other relevant circumstances. The discretion to determine the best procedure was wide. It was not to be circumscribed by too rigid insistence on procedures which would be regarded as a necessary part of procedural fairness in ordinary civil litigation.

(4) In particular, they had a wide discretion to permit or disallow cross-examination on an *ad hoc* basis, or by a general ruling made at the start, or in advance of the hearing. In deciding how to exercise that discretion they should take into account inter alia (a) whether refusal to permit cross-examination was likely to cause injustice to the party precluded; (b) the likelihood or otherwise that cross-examination would enable them to make a report which would be more useful to the Minister in reaching his decision than it would otherwise have been; (c) any expense and inconvenience to other parties concerned which would be caused by any resulting prolongation of the hearing.

(5) Though none of the observations in *Bushell* were expressly directed to final submissions, similar principles to those in (4) applied in that context also.

(6) Whatever general ruling might previously have been given by the persons conducting such a hearing in regard to cross-examination on final submissions, they must always be prepared to reconsider it on an *ad hoc* basis if the demands of justice so required as the hearing progressed (eg if new issues were raised).

Some emphasis was placed by Mr Sullivan on the statutory requirement that any oral hearing was to be in public.

That did not indicate any intention on the part of the legislature that there should necessarily be cross-examination or final submissions at a public hearing. The hearing might involve a great many objectors—more than 900 in the present case.

The requirement of a public hearing was rather to enable the members of the public and the Press to be informed about what was going on.

The appeal must fail.

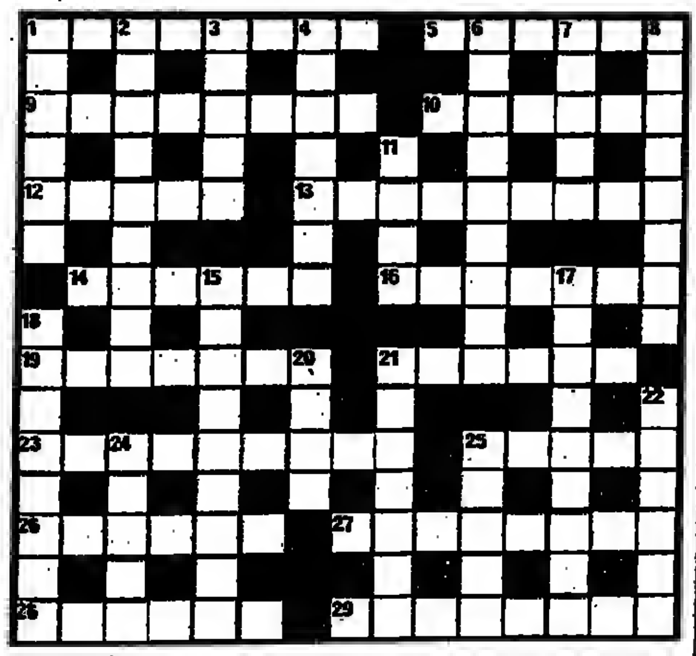
Lord Justice Croom-Johnson and Sir Roger Ormrod agreed.

For the committee: Anthony Lester QC and David Pannick (Bates Wells & Braithwaite)

For the objectors: Jeremy Sullivan QC and John Hobson (London Borough of Brent)

By Rachel Davies
Barrister

FT CROSSWORD PUZZLE No 5,886



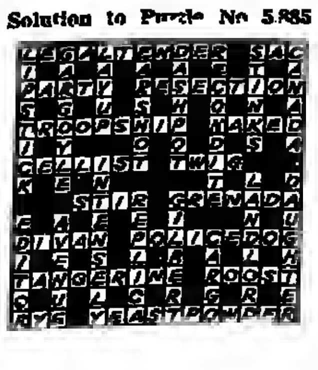
ACROSS

1 Make notes about the need for relaxing (8)
5 Picture little short of new business (8)
9 Value very soft music in a lift (8)
10 A horse may be exercised on the beach (6)
12 Figure skill's essential for this game (5)
13 Car gone in for servicing? Such innocence! (9)
14 Way up in front of gold, causing numbness (6)
16 A bit of a problem in entertaining the famous (7)
19 Determination is required to work out yet again (7)
21 The character of one's correspondence (6)
23 Converts apt in time to get restless (9)
25 A measure encountered by soldiers (5)
26 Novel sort of personal cover (6)
27 Having no capital (8)
28 Good man—regular guy (8)
29 Taking fools in is criminal! (8)

DOWN

1 Pole with readily available drink (6)
2 Like men appropriating certain letters (9)
3 Poet wanting only a little cake at supper (5)
4 Breaking down in tears is not so good (7)
6 Lie about transport control (9)
7 Deposed head of state, very weary (5)
8 To repeat: organise some light entertainment (8)
11 On the establishment at one time (4)
15 Offering a friend a roll that's appetising (9)
17 A German princess making one cross? (9)
18 People maybe singing airs test effects (8)
20 Continually putting a woman right (4)
21 Youngsters made to bear those ailing (7)
22 Debate about a single issue (6)
24 Catty group's self-importance (5)
25 One made changes, given the means (5)

Solution to Puzzle No 5,885



APPOINTMENTS

IMI managing director

Mr Eric Swainson managing director of IMI, will, at his own request, retire at the annual meeting on May 20. He will be succeeded by Mr Gary J. Allen, currently assistant managing director. Mr Swainson was appointed from January 1, a director of Lloyds Bank, of whose Birmingham and West Midlands regional board he is currently chairman. He is also chairman of the West Midlands Industrial Development Board and Pro-Chancellor of Aston University. Mr Allen was appointed to the IMI board in 1978. He is currently responsible for IMI Titanium, Ely, IMI Components, IMI Summerfield, the Holford Development, Research and Development and the IMI Personnel function.

★

The Dial Contracts Group has appointed Mr G. A. Faulkner as deputy managing director of DIAL CONTRACTS. He was administration director. He will continue as managing director of subsidiary Dialcard. Dial Contracts is a part of the Mercantile Credit Group and its ultimate holding company is Barclays.

★

At WINCANTON VEHICLE RENTALS from December 1 Mr Les Morson (formerly southern regional manager) is appointed truck rental director; Mr Mark De'Ath (formerly northern regional manager) becomes refrigeration services director; and Mr David Kempster is appointed sales and marketing director.

★

Mr Maxim Jakubowski has been appointed editorial director of Ebury Press, book publishing imprint of THE NATIONAL MAGAZINE COMPANY, from January 6. He is publishing director for Rainbird.

★

Mr Thomas Edmond has been appointed financial services manager, by STANDARD LIFE. He was development manager with the Life Association of Scotland Group. He will be responsible for unit trust development and marketing strategy.

★

Mr David Stewart has joined W. H. SMITH CABLE as general manager of videoline and non-entertainment services. He comes from Clyde cablevision where he was director of operations and programming.

★

Mr Terence Clapp has been appointed managing director of BURT BOULTON (TIMBER) and chief executive of its associated timber companies in the Thomas Roberts (Westminster) Group. He joins from Swedspan where he was managing director of Weyroc.

★

FELIXSTOWE TANK DEVELOPMENTS, a subsidiary company of Tankfreight and part of the National Freight Consortium, has appointed Mr Peter W. Broome as general manager. He replaces Mr Richard Hopkins who remains a director besides assuming new duties as storage director of Tankfreight. Mr Broome was previously commercial director of London and Coastal Oil Wharves, and earlier was managing director of Barks William Oil and Chemicals.

★

Lady Ibbs has been appointed a member of the GAMING BOARD FOR GREAT BRITAIN for two years from December 1. She will succeed Mrs E. B. Y. Hunter-Jones who joined the board in December 1977. Lady Ibbs was until recently chairman of the betting and gaming licensing committee of the south Westminster justices.

★

Mr John Watts has been appointed chief executive of the JOHN E. WILTSHIER GROUP from December 2. For many years group chairman Mr John Wiltshier has fulfilled the dual role of chairman and chief executive, and feels the time is right for him to concentrate on his chairmanship. Mr Watts was the chairman and managing director of Lovell Construction, having joined Lovell in January 1982 as chief executive of the building division of the Lovell Group. He was a director of Y. J. Lovell (Holdings), chairman of LPH Equipment and Lovell Construction Services, as well as chairman of the subsidiary companies which comprise the division.

Mr John Watts, chief executive of the John E. Wiltshier Group

★

Mr Barrie James has been appointed head of audit and inspection at GIROBANK; he will be based at the bank's operational centre in Bootle, Merseyside. He succeeds Mr Nicholas Wright who was recently appointed director of finance. Mr James joins Girobank on December 2, from HM Treasury where he was a principal audit adviser.

★

JOHN BROWN ENGINEERS AND CONSTRUCTORS has appointed Mr Derek Hanson as managing director of its Portsmouth office, which provides engineering and construction services for the chemical, food and pharmaceutical industries.

★

ICC OIL SERVICECS has appointed Mr C. W. Witjens to the board.

★

Mr John Evans has been appointed managing director, international operations, NORAND CORPORATION, which is part of the $800m Pioneer Hi-Bred Corporation, US. He will be based in Reading. Previously northern European managing director of Exxon Office Systems, Mr Evans revitalised that company and managed its handover to Olivetti. As chief executive of Ansafone when it was part of ATV, he led the management buy-out of the company to its successful conclusion in March 1981.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	113.3	119.8		10.01
High Inc Equity	78.5	83.9xd	+0.3	5.97
Worldwide Bond	154.4	165.4xd	+0.1	5.86
Capital Growth				
American Growth	134.2	142.9	+1.2	2.01
Asian Pacific	44.2	47.5	−0.6	2.61
Assets & Energy Tt.	87.3	93.0xd	+0.5	2.82
Capital Reserve	60.7	61.6		—
Commodity & Energy	64.7	69.0	−0.2	1.90
European Capital	59.7	63.5	−0.5	2.36
General	122.5	131.0	+0.2	3.24
Japan	148.0	159.1xd	−1.3	—
Mastertrust	47.6	50.6	−0.1	1.98
UK Growth Acc Units	108.3	116.3	+0.5	—
UK Growth Dist	75.6	81.2xd	+0.3	1.9
U.S. Emerging Co's	51.6	55.0xd	+0.3	0.47
Equitas Prog.	174.7	186.8xd	+0.8	3.48

Allied Hambro
30 City Road, London EC1Y 2AY 01-628 6626

	Bid Price	Offer Price	+ or −	Yield Gross
American Tech Fd.	100.4	107.3	+1.1	—
Pacific Fd.	114.0	123.9		0.20
Secured Income Fd.	147.9	158.2	+1.4	5.50
Special Sits	149.8	161.5		1.56
Energy Fd.	28.1	30.0	−0.3	0.60
American Majors	59.9	63.6	+0.5	1.56
Small Co's Fd	32.5	34.7	+0.3	1.97
Jap. Technology	61.5	65.7		0.10
International Income	50.8	54.3		1.00
Extract	457.1	490.0		—
UK General Fund	—	25.0		—

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg 01 236 3885

International Growth	99.6	106.5		1.30
Income & Growth	46.0	49.0	+0.2	2.8
Special Situations	58.5	62.3	+0.8	1.20
American Growth	27.4	29.2	+0.1	1.90
Japan Growth	34.6	36.8		
European Growth	43.5	46.5	-0.1	2.10
UK Growth	44.2	47.2	+0.4	1.4
Pacific Growth	31.4	33.5	-0.2	2.0
High Income	29.1	31.3		7.6
Practical Income Units	44.4	47.3	+0.2	2.70
Practical Accum Units	79.8	85.0	+0.3	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB — 01 405 8441

Pearl Growth Fd.	69.9	74.4	+0.3	1.31
Accum Units	103.4	110.0	+0.4	3.31
Pearl Inc.	99.0	105.3	+0.5	4.75
Pearl Unit Fd.	104.2	111.9	+0.6	3.76
(Accum Units)	177.0	189.0	+1.0	3.76

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

International Growth	205.0	220.9	1.54
Income	153.7	164.0	5.3
Worldwide Recovery	117.6	126.2	2.16
American Growth	57.0	61.2	1.1
Intl. Emerging Cos.	61.4	65.9	0.75
Far East Growth Fd.	51.9	55.7	1.F

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544

Prolific American Inc	48.3	51.4	+0.5	5.16

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks

Equity Dist.*	231.2
Equity Acc.*	281.2
Fixed Int. Dist. †	114.6
Fixed Int. Acc. †	168.0

*Prices on Nov 18. Next dealing
†Prices on Nov 18. Next dealing

TSB Unit Trusts (b) (a) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188

TSB American	95.0
Do. Accum	98.9
TSB Extra Income	91.5
Do. Accum	105.3
TSB General	139.0
Do. Accum	223.7
TSB Gilt & Fxd Int.	47.3
Do. Accum	59.4
TSB Income	181.7
Do. Accum	279.8
TSB Pacific	107.5
Do Accum	110.2
TSB International	239.1
Do. Accum	293.5
TSB Natural Resources	42.4
Do Accum	43.3
TSB Sictd. Opps.	50.0
Do. Accum	54.4

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$13.43		+0.07	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$14.36		+0.03	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$12.15		+0.15	—
Dynamic Gwth Fd	$10.79		+0.18	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$10.15	10.75	.1	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.15			3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.81	8.82	12.93	6mth
7-day Fnd	11.60	8.67	12.72	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.11	8.30	12.10	6-Mth
7-day Fund	11.05	8.27	12.06	6-Mth
Dollar	6.87	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc	11.00	8.00	12.78	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.00	8.22	12.11	Qtr
Mth. Int. Chq.	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
BIBCA	11.50	8.40	12.78	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.22	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	8.22	12.2	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.00	8.22	12.20	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk.	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs.	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd.	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

Brussels rethink on sugar regime

By Ivo Dawnay in Brussels

THE EEC Commission has scrapped its plan to raise substantially the levies on sugar producers, substituting a proposal to impose a new additional tax on output modulated to account for each country's average production over the past five years.

The scheme represents a marked departure from the original call for an increase on "A" quota production levies—roughly equal to internal demand—from 2 to 2.5 per cent, and a rise in "B" quota levies from 37.5 to 47 per cent.

As such it is likely to meet a more favourable response from member states who had strongly resisted the first plan as inequitable. It appears unlikely, however, that the new levy, averaging 1.3 per cent on guaranteed intervention prices, will harness output.

Under the new proposal, the Commission has calculated the level of tax for each country based on their last five years' performance. This ranges from 0.6 per cent for Italy, whose small production incurs little cost in export subsidies, to 1.6 per cent for France and West Germany whose larger tonnages cost more to the farm budget.

The Commission aims to use the funds raised to pay off, over a period of five years, the Ecu 400m debt that the supposedly self-financing sugar regime has built up over the recent past.

Soundings from member states suggest that the revised plan stands a substantially better chance than its predecessor in winning the approval of farm ministers. Officials are anxious that the question should be resolved when the Farm Council meets next month as further delays could disrupt their planning for farm prices next year.

The depressed state of the world sugar market makes it all but certain that prices will be frozen again in 1986 when ministers come to discuss the regime.

● British livestock farmers in some of the so-called less favoured areas of the country are to get £16.9m in special aid to compensate them for this year's exceptionally bad weather conditions, which resulted in stock losses and heavy feed bills, writes Richard Mooney.

Mr Michael Jopling, the Minister of Agriculture, announced in Parliament yesterday details of a plan to pay £14 a head on suckler cows, £4.50 a head on dairy cows and 35p a head on breeding ewes in certain of the worst hit areas. He urged farmers to put in their claims under the scheme quickly and said the Ministry hoped a significant amount of the money could be paid out before Christmas. The Government's decision to make the special payments was first announced on October 8 and Mr Jopling came under fire from opposition MPs yesterday for the long delay in getting the scheme under way.

The Minister also announced increases from January 1 in payments under the Hill Livestock Compensatory Allowances scheme which will add £10.9m to the annual cost of the scheme.

In a further attempt to ease the burden on weather-hit farmers some will qualify for exemption until the end of March from certain charges for advisory services.

Cornish tin miners call on Government for crisis aid

BY ANDREW GOWERS AND PETER RIDDELL IN LONDON AND QUENTIN PEEL IN BRUSSELS

THE CORNISH tin industry appealed to the British Government yesterday for a substantial injection of capital over the next five years to fund continuation of its investment plans in the event of a collapse in the price of the metal.

The plea came during a meeting between a delegation of Cornish MPs, county councillors and mining company representatives and Mr Paul Channon, the Trade Minister. It is understood that aid of up to £50m over five years was mooted, although this figure was apparently not mentioned directly to Mr Channon.

The Government has promised to consider the appeal.

Meanwhile, prospects for a resolution of the five-week-old international tin crisis next week dimmed further. In Brussels, the European Commission yesterday backed away from presenting any suggestions on the matter, blaming the lack of consensus among the EEC's 10 member states.

National officials met on Wednesday evening and throughout yesterday seeking to find some common ground. A spokesman for the Commission said the matter had not been discussed at Wednesday's meeting of the 14 Commissioners. Nothing was likely to be put forward before the end of this week, but an initiative was possible next week after the International Tin Council starts what is is billing as its "definitive" crisis meeting next Monday.

The absence of a common EEC position means that no proposals from ITC members for accepting the liabilities of

Mr Paul Channon, Britain's Trade Minister

the tin council, which precipitated the crisis when it ran out of money with which to support the market on October 24, are yet on the table for next week's meeting.

Britain, concerned about the health of the London Metal Exchange, where trading in tin has been suspended since the crisis began, has been arguing vigorously that member governments should honour the organisation's debts. But its position is hampered by the fact that the EEC has to speak with one voice at ITC meetings. British ministers do not disguise their increasing frustration at the EEC's failure to agree.

Speculation among traders that Japan, another major tin-consuming member of the ITC, was preparing a new initiative to break the deadlock was firmly quashed yesterday by the Japanese Embassy in London.

The British mining companies—principally Rio-Tinto Zinc, which operates three tin mines in Cornwall, and Geevor Mines, an independently quoted company—are arguing that a sharp slump in the tin price would deprive them of the capacity to modernise in order to compete on the world market. The Government should therefore step in to help them through what are expected to be several rough years, they say.

The Cornish mines, which have undergone something of a renaissance in the past few years under the influence of tin prices artificially supported by the ITC, are among the most vulnerable to a collapse in the price, as their production costs range upwards from about £7,500 a tonne.

Tin is trading in the secondary market in London at about £6,800 a tonne, sharply below the level of £8,140 which it last fetched on the LME.

It is understood that the Government may be willing to consider some limited and temporary assistance to the Cornish industry, depending on the outcome of the ITC talks. No decision has been taken, nor will it be until it is clear what is going to happen to the tin price and the council.

Any help would probably be very restricted and solely be related to easing the impact of any abrupt transition in Cornwall. This issue is being regarded completely separately from discussions about the ITC.

Silver seen losing its glitter

BY STEFAN WAGSTYL

SILVER IS losing its glitter, says metal broker Shearson Lehman Brothers.

Its centuries-old status as a precious metal is called into question in the trader's annual review of the silver industry. Prices are being influenced more by supply and demand for the metal as determined by global economic activity than by the emotive pull of its precious metal status, says the report.

Shearson says that the most telling sign of this change is the complete breakdown in mid-1985 of the relationship between silver and the dollar. In the past, if the dollar fell, silver prices went up. "Had this hitherto excellent correlation stayed in place then today's value of silver would be over $10 an ounce," says the broker. The price in fact is near $6 an ounce.

The outlook for silver prices is gloomy, according to Shearson's report. Prices are much more likely to decline than rise, barring a sustained increase in gold prices.

Production has increased steadily in recent years, by 25 per cent since 1979, as a result of high silver prices. The international debt crisis has encouraged debtor nations in Latin America, notably Mexico, Peru and Chile, to step up output, "almost regardless of cost," says Shearson.

High prices have also led to increased silver output in mines where it is produced as a co-product or by-product of other metals such as lead, zinc and copper. Some two-thirds of the world's silver reserves are in mixed orebodies.

Shearson forecasts that Western world mine production of silver in 1985 will be 10,150 tonnes against 10,061 tonnes in 1984, with a further 4,495 tonnes (1984—3,820 tonnes) coming from other sources, chiefly scrap. The forecast for 1986 is 10,300 tonnes from mines and 4,525 tonnes from elsewhere.

Demand for silver — mainly in photography, jewellery and electronics — is this year expected to be a little up from 1984 at 12,120 tonnes in western world countries, with another slight increase to 12,238 tonnes next year.

This excess of supply over demand means that stocks are rising at 2,000 to 3,000 tonnes a year. "Indeed so far this decade stocks have probably risen by 18,000 tonnes — or nearly 600m ounces. In any of the base metals such an imbalance would inevitably result in a major price collapse, says Shearson.

Annual Review of the World Silver Industry. Shearson Lehman Brothers, 36 Monument St, London EC3, Price £75.

Swiss banks to launch Zurich fixing

BY JOHN WICKS IN ZURICH

SWITZERLAND'S big three banks, already active in the Zurich Gold Pool, yesterday announced the establishment of a joint silver fixing.

This move is intended to assert Zurich's position as a competitor of London on the world precious metals market.

Starting next Monday, Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse will fix an official price per ounce in US dollars. The fixing will take place in Zurich daily at 10.30 am.

Unlike a similar London institution, the Zurich system will be a so-called "open fixing." This means that buying and selling orders can be placed, altered or withdrawn during the fixing period.

According to Mr Mathis Cabiallavetta of UBS, there could be a considerable difference between the Zurich and London fixings, particularly at times of unruly market conditions.

Standard commission on all the purchase orders will be of 0.25 per cent of the fixed price, with a minimum of $50 or SFr 100 per transaction. Selling orders by customers will be met at the standard price.

Zurich is, after London, the major international centre for physical silver trading. The leading Swiss traders are the "big three," who apart from the Zurich gold pool also operate the precious metal brokers Premex.

The step, said Mr Cabiallavetta, will heighten transparency "in an increasingly complex market." It would make the member banks more competitive and improve their image. This had, he added, "unfortunately rather suffered from the reintroduction of the sales tax on physical gold.

London, said Mr Cabiallavetta had also lost something of its image in metals trading in the past few years.

Living with aluminium losses

BY IAN RODGER

THE STEADY fall of world aluminium prices to levels previously thought to be unsustainable has been a subject of wonder in the metal markets for some time.

Most analysts have assumed that in an inflationary era, with the cost of most inputs steadily rising, prices of any material could only drop for a short time before a shakeout of producers would occur.

The surprise in the aluminium industry is that production costs have actually been declining in recent years, and declining rather dramatically. This unusual phenomenon has just been documented in a study by Anthony Bird Associates, the London-based metals analysts.*

The study found that the average operating cost of aluminium smelters in the western world today is 47.7 cents per pound of metal. This represents a remarkable 18 per cent decline from the level prevailing only three years ago.

Mr Tony Bird, who made the study, says that four factors have contributed to the reduction.

1.—Many very high cost smelters in Europe, the US and, in particular, in Japan, have closed, thus causing the average to come down.

2.—The price of alumina, the main raw material for making aluminium, has tumbled in the past few years because of heavy overcapacity. Roughly two tonnes of alumina are required to make one tonne of aluminium, and the price of alumina has fallen from $250 a tonne in early 1982 to around $180 today.

3—Many producers have managed to negotiate reductions in their electricity charges. It takes six to 12 kilowatt hours to make a pound of aluminium, so the price of electricity is crucial to a smelter's viability. The Bird study says average electricity costs in the industry have dropped from 2.03 cents per kwh in 1982 to 1.62 cents.

4—The costs of smelters outside the US have come down when expressed in dollars simply because of the rise in the value of the dollar.

Nevertheless, if average operating costs are 47.7 cents a pound, that most producers are losing money at today's price of about 46 cents. And even those who are covering their operating costs are certainly not covering their financing and depreciation charges too. Mr Bird estimates that the total costs of the average aluminium smelter are about 63 cents a pound.

So why are all these people still making aluminium?

There are, of course, several answers—a different one, in fact, for each of the 140 or so producers in the western world.

In many countries it is difficult to close smelters because of a reluctance to add to unemployment. Also, most smelter operators have long term take-or-pay contracts for alumina, and so a calculation must be made on whether or not it would cost more to close a particular smelter than to keep it open.

OPERATING COSTS* OF PRODUCING ALUMINIUM

By company	per lb cents
Alcan (Canada)	44
Alusuisse (Switzerland)	47
Pechiney (France)	47
Alcoa (US)	50
Kaiser (US)	53
Reynolds (US)	50
By country	
Australia	40
Norway	40
Brazil	40
Canada	41
West Germany	44
Japan	49
France	50
US	57

* Excludes interest and depreciation charges.

Source: Anthony Bird Associates, London

Then, each company makes its own assessment of the market outlook. World consumption of aluminium has been greater than production for nearly a year, and most analysts are looking for a sharp turnaround in prices in the near future.

Finally, there is the question of the psychological impact of closures. Many people have been urging Alcan Aluminium of Canada, the industry leader, to make a major production cutback. They argue that this would be the signal the market needs to start bidding up the price.

But Mr David Culver, president of Alcan, says there is no assurance that such a move would have the desired effect. And if it did not, what should be done next?

Mr Culver wonders if Aluminium Company of America and Reynolds Metals, the largest and second largest US producers respectively, may have hoped for such an impact with the major closure announcements they have made in the past few months. If so, they have been disappointed.

However, the fact remains—and Mr Bird's study illustrates it beyond doubt — that the current situation is unsustainable. What remains unclear is when the price will start to rise and how strongly it will recover.

Again, Mr Bird's study is helpful in indicating that the recovery will probably be pretty sluggish. It points out that more than more than 90 per cent of western world capacity of 13.1m tonnes can operate profitably at a price of 60 cents a pound. In other words, it is likely that if the price does start to rise, a lot of smelters will start up again, thus stifling or at least slowing the upward trend.

*Aluminium Production Costs, Anthony Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2 5DD, £3,300.

LONDON MARKETS

CASH COPPER closed at the lowest level for two years on the London Metal Exchange yesterday as prices continued their recent bear trend. Cash *higher grade metal* ended £5.50 lower at £929 a tonne, taking the fall in the last three days to £19.50. But the three months position, down only £2.50 at £946.75 a tonne, held above the two year low reached during the day on Wednesday. Zinc also continued its fall with the cash quotation ending £6.50 down at £408 a tonne. It has now fallen £22 since the end of last week. Dealers said the falls were influenced by firmer sterling against the dollar. But Aluminium resisted the downward pressure from currencies in regaining £4 of the week's earlier £25 fall at £655 a tonne. The rise was attributed to speculative buying. On the gas oil futures market downward pressure continued to be felt from the tone on the physical oil market. The January position closed at $262.50 a tonne adding $4.50 to falls of $5.25 on Tuesday and $6 on Wednesday.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	665-6	+4	656.5/655
3 months	678.5-9	+4.25	679-676.5

Official closing (am): Cash 655.5-6 (647.5-8), three months 678-.3 (671-.5) settlement 656 (649). Final Kerb close: 676.3-7. Turnover: 20,700 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	928.5-9.5	-3.3	934.3/950
3 months	946.5-7	-2.5	955-945

—Take in table —

Official closing (am): Cash 932-3 (934-.5), three months 947-8 (948.5-6), settlement 933 (934-5). Final Kerb close: 946.3-7.

Cathodes			
Cash	908-10	-3	—
3 months	936-7	-2.5	—

Official closing (am): Cash 913-4 (915-8), three months 939-40 (938-9), settlement 914 (915). Turnover 21,150 tonnes. US Producer prices 64.50-69 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	265-.3	—	266
3 months	272.25-.5	+.12	273 271

Official closing (am): Cash 265-.5 (267.5-8), three months 271.3-.75 (273.5-.75), settlement 265.5 (268). Final Kerb close: 272.3. Turnover 16,050 tonnes. US Spot: 18.75-20 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2700-10	-7.5	2720
3 months	2755-60	—	2765/2750

Official closing (am): Cash 2,720-5 (2,720-30), three month 2,765-70 (2,760-5), settlement 2,725 (2,730). Final Kerb close: 2,755-65. Turnover 234 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	407-0	-5.5	—
3 months	414-.5.5	-6.0	423/414

Official closing (am): Cash 410-2 (416-9), three months 417-8 (423.3-4.3) settlement 412 (418). Final Kerb close: 413-4. Turnover: 8,275 tonnes. US Prime Western: 33-35.75 cents per lb.

GOLD

Gold fell $2 to $326¼-326¾ in very quiet trading on the London bullion market. The metal opened at $326¾-327¼, and was fixed at $326.75 in the morning and $326.30 in the afternoon. It touched a peak of $327-327½ and a low of $326¾-326¾. The market closed early, shortly after the second fixing, with the US shut for Thanksgiving Day.

GOLD BULLION (fine ounce) Nov. 27

Close	$326¼-596¾	(£220¾-221¼)
Opening	$326¾-327¼	(£262¼-222¾)
M'n'g fix	$326.75	(£226.128)
Aft'n'n fix	$326.30	(£221.176)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$362¼-628¾	(£222¼-222½)
½ Krug.	$179¾-173¼	(£117-117½)
¼ Krug.	$87½-88¼	(£59¼-62¾)
1/10 Krug.	$35½-36¼	(£24-24½)
Mapleleaf	$336½-337	(£227¾-228¼)
Angel	$335¾-337½	(£227¼-228¼)
1/10 Angel	$37½-43½	(£29½-29½)
New Sov.	$79¼-79¾	(£53¾-541)
½New Sov	$47¼-48	(£32-32½)
Old Sov.	$80½-82	(£54½-55½)
$20 Eagle	$450-490	(£304¾-331¾)
Noble Plat	$357½-361¼	(£242-244¾)

SILVER

Silver was fixed 6.45p an ounce lower for spot delivery on the London bullion market yesterday at 416.35p. US cent equivalents of the fixing levels were: spot $13.5c, down 7.8c; three-month 625.46c, down 2.1c; six-month 637.6c, down 8.05c; and 12-month 662.65c, down 8.45c. The metal opened at 417½-419½p (614-616c) and closed at 415-417p (613-615c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	416.35p	-6.45	415p	-2.5
3 months	427.90p	-8.70	423.5p	-5
6 months	436.15p	-8.65	—	—
12 months	461.30p	-7.05	—	—

LME—Turnover: 9 (34) lots of 10,000 oz.

Three months high 426p, low 424p, final kerb 423p.

MEAT

Prices rose slightly due to higher physicals and speculative buying in light trade, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	102.50	105.20	102.4-102.2
April	103.50	103.20	103.6-103.4
June	100.70	100.40	—
Aug	98.20	98.80	—
Oct	104.40	104.30	—
Nov	105.30	105.30	—

Sales: 31 (16) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 97.85p per kg lw (+1.83). GB—Sheep 143.94p per kg est dcw (−1.71). GB—Pigs 83.04p per kg lw (−1.69).

INDICES

FINANCIAL TIMES

Nov 28	Nov. 27	M'th ago	Year ago
—*	—*	—*	289.53

(Base: July 1 1952 = 100)

REUTERS

Nov. 27	Nov. 26	M'th ago	Year ago
1707.8	1714.6	1703.2	1875.5

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Nov 27	Nov. 26	Month ago	Year ago
Spot	120.52	120.64	—	125.45
Fut.	121.86	121.86	—	126.81

(Base: December 31 1974 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 29 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt	$1915/35	+10	$1075/995
Copper			
Cash h Grade	£929	-5.3	£943
3 mths	£946.75	-2.5	£960.75
Gold Troy oz	$329.6	-2	$324.6
Lead Cash	£265.25		£255.5
3 mths	£273.37	+0.12	£271.23
Nickel			
Free Mkt	181/201c		175-185c
Palladium oz	$103	+1.75	$105.00
Platinum oz	$348.10	+6.85	$329.50
Quicksilver†	$270/280		$255/275
Silver troy oz	416.35p	-6.45	425.55p
3 months	427.90p	-6.70	437.35p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$71.41		$70.76
Wolfram 22.0lb	$58/64		$62/66
Zinc	£408.5	-6.5	£372.5
3 months	£414.75	-5.3	£369.5
Producers	$660/810		$750
OILS			
Coconut (Phil)	$390x		$425
Palm Malayan	$385z	-2.5	$385
SEEDS			
Copra Phil	$250w		$255
Soyabean (U.S.)	$212.75u		$214.5
GRAINS			
Barley Fut. Mar.	£116.35	-0.15	£110.05
Maize	£140.00u		£144.00
Wheat Fut. Mar.	£114.85	+0.45	£109.65
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1673.5	+9	£1679
Coffee Ft. Jan.	£1860.5	-7	£1893
Cotton A Index	47.70c	-0.3	48.15c
Gas Oil Jan.	$262.3	-4.5	$264
Rubber (kilo)	56.0p		56p
Sugar (raw)	$136.5w	+3	$138
Wooltops 64s	384p kilo		314p kilo

‡ Unquoted. a Dec-Jan. w Nov.-Dec. u Dec. † Per 75 lb flask. c Cents per pound. z Jan.

COCOA

Futures opened steadier than due and remained well-supported despite buoyant sterling during a session which featured large cross volumes and a narrow trading range. Actuals business was quiet with light manufacturer offtake and no origin participation, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1627-1628	+0.5	1628-1615
March	1673-1674	+9.0	1677-1660
May	1693-1694	+6.0	1700-1687
July	1709-1710	+2.5	1717-1708
Sept.	1727-1722	-0.5	1736-1725
Dec.	1718-1720	-10.5	1735-1715
March	1735-1737	-9.6	1748-1737

Sales: 5,849 (3,825) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for Nov 27: 108.58 (108.79); five-day average for Nov. 28: 107.11 (105.70).

COFFEE

During a quiet session volume was light and prices stayed in a narrow range, reports Drexel Burnham Lambert. The US holiday tended to dampen interest but prices remained steady as commission house buying emerged in the afternoon.

COFFEE	Yesterday's Close	+ or —	Business Done
Nov	1827-1831	-6.0	1865-1820
Jan.	1858-1862	-7.0	1875-1858
March	1898-1900	-3.0	1910-1892
May	1931-1934	-0.6	1941-1928
July	1968-1070	+1.5	1974-1967
Sept.	1998-2000	+2.0	2005-1996
Nov.	2000-2030	5.0	2035-2032

Sales: 1,962 (2,858) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for November 27: Comp daily 1979 141.67 (140.92): 15-day average 140.21 (140.09).

FREIGHT FUTURES

The market rose on a further rumour of an increase in physical rates. These gains were not maintained as profit-taking emerged and with final quotations were only slightly above the previous close, reports Clarkson Wolff. The Baltic Freight Index was 812.5, up 12.5.

	Close	High/Low	Prev.
Jan.	903/905	912/906	896/899
April	950/955	960	950/956
July	840/845	—	840/848
Oct.	915/940	—	929/940
Jan.	948/960	—	945/948
April	995/1000	990	950/1000
July	885/890	—	880/890
Oct.	975/990	—	950/1000

Turnover: 143 (170).

GRAINS

Wheat rallied 25p on a steadier physical market but strong shipper selling ahead of the EEC weekly tender depressed values. Barley again saw quiet trading and closed slightly lower, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Jan	112.20	-0.45	109.30	-0.20
Mar	114.85	-0.45	112.35	-0.15
May	117.50	-0.35	114.50	-0.15
July	119.95	-0.40	—	—
Sept	98.50	-0.25	98.50	-0.25

Business done—Wheat: Jan 112.80-2.00, March 113.55-4.60, May 15.40-7.60, July 120.60 only, Sept 98.50 only. Sales: 461 lots of 100 tonnes. Barley: Jan 109.60-9.35, March 112.60-2.35, May 114.75-4.60, Sept unuxded. Sales: 42 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 13 per cent: Nov 131, Dec 130.75, Jan 132.50; Feb 134.75 transhipment East Coast. US No. 2 Soft Red Winter: Dec 114.25, Jan 116, Feb 116.25, sellers. EEC French: Dec 130. English Feed, fob Jan 116.50, March 118, sellers. Maize: US No. 3 Yellow/French, transhipment East Coast: Dec 140. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: N. East 105.30. The UK monetary coefficient for the week beginning *Monday December 2* will remain unchanged.

South Africa faces mounting pressure against coal sales

BY GERARD McLOSKEY

In a tumultous two weeks South Africa has been brought face to face with mounting European pressure against the purchase of its steam coal. The first blow came two weeks ago when the French Prime Minister Mr Laurent Fabius announced that renewal of contracts with South African coal producers would cease. With all coal imports controlled by the state-owned agency, Atic, the Government's decision can be effected immediately. Already two major coal contracts are threatened—those with Electricité de France and with an offshoot of the French coal producer Charbonnages de France. In the longer term South Africa faces total exclusion by Europe's top coal importer—in 1984 France bought 21.6m tonnes of which 5.6m tonnes came from South Africa.

US markets were closed yesterday for the Thanksgiving Day holiday

The second blow came on November 18 when the Danish unions embarked upon a ten-week ban on the handling of South African goods and services. Immediately hit by this ban were two cargoes already at sea, carrying in excess of 250,000 tonnes for the Danish utility buyer Elsam. Denmark has banned imports of South African coal beyond 1990.

But relief for the frayed nerves of the South African industry was not far behind. The main worry had been on what these events, combined with a general oversupply of steam coal, would do to contract prices currently under renegotiation. With attention focussed on Europe where, since contracts are based on calendar years, settlement was more urgent. It was a surprise that it was the Japanese market, geared to financial year renegotiation, which brought the relief for South African mining houses.

In the past few weeks a series of salesmen representing both coking and steam coal producers have been trekking around the buyers and the trading houses in Tokyo anxious for early agreement and openly touting, in the case of coking coal salesmen, offers of price cuts. With Japanese steel production forecasts falling once again, all this has been to no avail for the coking coal producers. But their steam coal colleagues have fared better.

Nonetheless it came as a considerable surprise this week when news emerged that the South African coal producer, Total — co-incidentally French state-controlled — settled its 1986-87 contract at $32 a tonne fobt Richards Bay for its 1986-1987 contracts. The agreement, for supplying 400,000 tonnes to the Japanese Government-owned Electric Power Development Corporation, represented a cut of $1.97 a tonne on 1985-1986 price levels. If this size of price cut for Total's relatively high 12,060 Btu/lb calorific value steam coal is used as a benchmark in Europe it will come as a deep relief. Cuts of as much as $6 a tonne have been talked about and between $3 and $4 widely expected.

But with many European and Asian contracts still to be grappled with it has been the UK's Central Electricity Generating Board which has walked into the limelight on the spot market in Europe. Already the British utility, which has traditionally imported its coal only after the costly unloading, storing, reshipping process of first landing its coal at Continental ports, had decided to take one shipment from its long-term contract with New South Wales exporter Austen and Butta, directly into the Scottish port of Hunterston. The 100,000-tonne delivery is expected shortly.

INTERNATIONAL COAL REPORT SPOT STEAM COAL MARKER

	Price
November 1985	$38
October 1985	$38
November 1984	$45

(South African 10,600 Btu/lb 0.8% sulphur, fob barge, Rotterdam)

On top of this, last week the electricity producer asked for bids to be submitted for a spot delivery of up to 130,000 tonnes with optional delivery into Hunterston. The final destination for this coal is expected to be the Lancashire power station of Fiddlers Ferry.

Spot prices for coal in Europe remain unchanged at around $38 a tonne for fob barge quantities of South African coal. With even lower prices being settled in a series of Spanish spot deals with South Africa, a further fall in barge prices is expected, keeping in pace with contract renewal settlements.

Gerard McCloskey is Editor of the FT International Coal Report.

POTATOES

After opening over £1.50 up on April, values were trimmed by profit-taking selling interest. Selling continued throughout the afternoon resulting in a further drift in prices. A slight hint in the physical market of increasing supply with consequent price resistance may also have contributed to the slide, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	82.60	83.80	86.50-83.00
Apr	92.00	92.80	94.50-91.20
May	97.20	96.50	98.00-96.50
Nov	74.00	74.00	—

Sales: 530 (764) lots of 40 tonnes.

SOYABEAN MEAL

The market opened 50p up in quiet trading, reports T. G. Roddick. Prices remained steady on underlying commercial support in light trading due to the US holiday.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Dec.	125.8-125.0	+0.50	—
Feb.	125.7-125.5	+0.25	—
Apr.	125.5-126.0	+0.30	126.6
June	121.5-122.5	+0.15	122.1-122.0
August	121.0-122.0	-0.25	—
October	122.0-122.5	-0.45	—
Dec.	123.0-125.0	-0.25	—

Sales: 120 (252) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $139.50 (£95.00), up $3.00 (up £2.00) a tonne for Nov-Dec delivery. White sugar $175.00, unchanged.

Despite good buying interest from one quarter prices eased over the day, reports C. Czarnikow.

No. 9 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	145.0	146.0-156.8	150.0-146.0
Mar.	158.8-159.0	159.5-159.8	153.4-158.0
May	162.6-162.8	165.8	164.2-162.8
Aug	167.0-168.0	169.8-169.8	169.6-169.0
Oct	172.4-172.8	175.0-175.4	174.8-173.4

Sales: 439 (2,227) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £198.00 (£182.00) a tonne for export.

International Sugar Agreement — (US cents per pound fob and stowed Caribbean ports). Prices for Nov 27: Daily price 5.38 (5.49): 15-day average 5.42 (5.35).

PARIS — (FFr per tonne): March 1384-1385, May 1404-1410, Aug 1440 bid, Oct 1480-1485, Dec 1498-1515, March 1550-1560.

OIL

The US holiday kept Brent activity at modest levels. Nevertheless price continued to fall, losing 60c. In the petroleum products market, naphtha fell heavily in active trade on the forward positions. Heavy fuel prices were stable with demand from utilities matched by good supply. On gas oil the new trading period started—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Inc.		
Arab Light	27.80-27.90	-0.10
Arab Heavy	25.80-25.90	-0.07
Dubai	26.95-27.05	-0.20
Brent Blend	28.50-29.60	—
W.T.I. (1pm est)	—	—
Forcados (Nigeria)	30.50-30.70	-0.25
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	279-284	—
Gas Oil	271-274	—
Heavy fuel oil	149-152	-0.5
Naphtha	250-258	-4

* January

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Dec	267.23	-4.00	270.00-65.75
Jan	262.50	-4.50	264.75-61.00
Feb	256.75	-4.75	258.50-55.50
Mar	246.29	-9.25	248.50-44.50
Apr	236.00	-1.50	236.00-33.00
May	232.00	—	231.00-27.00
June	228.00	—	229.00-27.20
July	228.00	—	229.00-26.00

Turnover: 3,584 (4,457) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend index. $ a barrel. (Close, change business done): index 29.18, −0.60; Jan 28.55-28.65, −0.78, 28.70-28.55; Feb 27.80-27.85, −0.55, 27.95-27.85; March 26.85-27.05, −0.575, untraded; April 26.90-27.00, −0.475, untraded; May 25.30-26.90, −0.35, untraded. Turnover: 13 (43) lots of 1,000 barrels.

RUBBER

PHYSICALS — The London market opened slightly easier, attracted little interest throughout the day and closed on an easier note, reports Lewis and Peat. Closing price (buyers), spot 56.0p (same), Jan 53.75p (54.25p), Feb 54.25p (54.75p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg RSS No 1 was 178.5 (177.0) and for SMR 20 171.5 (170.0).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Strong demand for D-mark

Strong demand for the D-mark pushed the dollar down to another 2½-year low on the foreign exchanges yesterday. Growing optimism about the prospects for the German economy was the main influence, on a day lacking any significant economic news. Closure of U.S. banks and markets for Thanksgiving Day restricted turnover, and with many US dealers expected to include today in a long weekend holiday trading is likely to remain thin and nervous as the end of the month arrives. Speculation has tended to increase about an early cut in the Federal Reserve's discount rate, to stimulate a sluggish economy, but this will depend on the Feds' attitude towards money supply. Weekly M1 is expected to rise about $2.5bn, when published a day later than usual today, leaving it about $10bn above the top of the target range.

The dollar fell to DM 2.5285 from DM 2.5420, finishing at the lowest closing level since June 24 1983. It also declined to FFr 7.72 from FFr 7.7450, and SFr 2.0880 from SFr 2.09, but improved to Y201.50 from Y201.

The exchange rate index for the dollar, on Bank of England figures, fell to 126.5 from 126.9.

STERLING — Trading range against the dollar in 1985 is 1.4770 to 1.0525. October average 1.4217. Exchange rate index rose 0.1 to 80.8, the day's high, after opening at 80.6, and recovering to 80.7 at 11 am. Six months ago the index was 79.0.

Sterling appeared to suffer from some early nerves, on a report that Saudi Arabian oil output may be above its Opec quota. The pound was also sold, along with other major currencies, against a very strong D-mark. But after an early decline sterling began to recover, and although finishing weaker against the D-mark led EMS block of currencies, improved against the yen, and closed at the highest level in terms of the dollar since March 1984, gaining 30 points to $1.4765-1.4775. It also rose to SFr 3.0850 from SFr 3.08 and Y297.50 from Y296.25, while falling to DM 3.7350 from DM 3.7450 and FFr 11.4025 from FFr 11.4150.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5285. October average 2.6443. Exchange rate index 129.1 against 121.3 six months ago.

The D-mark was very strong against other major currencies in Frankfurt yesterday, causing a little turbulence in the EMS. Dealers reported funds moving away from the dollar, sterling, the Swiss franc and the yen as attention focused on strong West German economic performance. German Gross National Product growth next year will exceed US expansion, according to a forecast from a leading German bank, while the market was also impressed by the record German current account surplus in October, published Tuesday, which was in sharp contrast with the continuing large US trade deficits. The dollar was fixed at DM 2.5318 in Frankfurt, compared with DM 2.5495 on Wednesday. The fixing was the lowest since June 27 1983, and came after a relatively lengthy and nervous session, without any intervention by the Bundesbank. It was suggested the next major support level for the dollar is around DM 2.52. The US currency closed at DM 2.5320, compared with DM 2.5545 on Wednesday.

£ IN NEW YORK

	Nov. 28	Prev. close
£ Spot	n/a	$1.4690-1.4710
1 month	n/a	0.44-0.43pm
3 months	n/a	1.20-1.18pm
12 months	n/a	3.75-3.65pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Nov 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4675-1.4795	1.4765-1.4775	0.44-0.41c pm	3.45	1.23-1.19pm	3.28
Canada	2.0296-2.0395	2.0359-2.0395	0.45-0.35c pm	2.36	1.28-1.12pm	2.34
Nethlnd.	4.18¾-4.21¼	4.19½-4.20½	2¼-1⅞c pm	6.89	5⅞-5⅝pm	9.48
Belgium	75.36-75.79	75.65-75.75	23-18c pm	3.25	91-52pm	2.99
Denmark	13.51½-13.57	13.54-13.55	3⅛-2⅛ore pm	2.33	7⅞-6⅞pm	2.07
Ireland	1.2063-1.2107	1.2085-1.2095	0.24-0.10p pm	1.59	0.52-0.23pm	1.24
W. Ger.	3.72¼-3.74¼	3.73-3.74	2¼-2¼pf pm	7.23	6¾-6pm	6.63
Portugal	233¾-239¼	234½-239¼	185-485c dis	-16.98	915-1505dis	-17.89
Spain	230¼-231¼	230½-231¼	50-115c dis	-4.29	220-300dis	-4.50
Italy	2,517¼-2,532¼	2,526¼-2,527¼	3-7 lire dis	-2.37	11-17dis	-2.22
Norway	11.20¾-11.26¾	11.24-11.25	⅛-1ore dis	-0.73	2⅝-3⅜dis	-1.04
France	11.35¾-11.42½	11.39¾-11.40¾	3-2⅛c pm	2.89	6¾-5¾pm	2.77
Sweden	11.18½-11.32¾	11.29¼-11.30¼	1⅞-2⅞ore dis	-2.06	4½-5⅛dis	-1.10
Japan	295¾-298¼	297-298	0.95-0.81y pm	3.55	2.78-2.50pm	3.61
Austria	26.23-26.31	26.27-26.31	12½-10⅝gro pm	6.25	34⅞-30⅛pm	4.96
Switz.	3.07-3.09¼	3.08-3.09	2¼-1⅞c pm	7.78	5¾-5¼pm	7.37

Belgian rate is for convertible francs. Financial franc 76.00-76.10. Six-month forward dollar 2.22-2.17c pm, 12-month 3.80-3.65c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Nov 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4675-1.4795	1.4765-1.4775	0.44-0.41c pm	3.45	1.23-1.19pm	3.28
Ireland†	1.2150-1.2223	1.2218-1.2223	0.23-0.13c pm	1.78	0.75-0.50pm	2.06
Canada	1.3770-1.3811	1.3775-1.3780	0.11-0.14c dis	-1.09	0.30-0.35dis	-0.94
Nethlnd.	2.8420-2.8625	2.8435-2.8445	0.60-0.57c pm	2.42	1.64-1.61pm	2.24
Belgium	51.17-51.45	51.20-51.30	1-2c dis	-0.35	3-4½dis	-0.29
Denmark	9.15¾-9.21½	9.16¾-9.17¼	¼-¾ore dis	-0.65	1½-2dis	-0.76
W. Ger.	2.5265-2.5475	2.5280-2.1290	0.78-0.75pf pm	3.62	2.20-2.15pm	3.43
Portugal	159½-161	159½-160½	175-375c dis	-20.56	550-1150dis	-21.18
Spain	155.90-157.00	155.90-156.15	80-110c dis	-7.28	285-335dis	-7.92
Italy	1,707-1,721	1,710½-1,711½	8-9 lire dis	-5.95	24-25½dis	-5.78
Norway	7.60-7.65	7.61-7.61½	2½-2¾ore dis	-4.13	8-8½dis	-4.33
France	7.70¾-7.76	7.71¾-7.72¼	0.35-0.45c dis	-0.62	2.00-2.25dis	-1.10
Sweden	7.64¾-7.69	7.65-7.65¼	3½-3¾c dis	-5.48	9½-9¾dis	-5.02
Japan	201.00-201.65	201.45-201.55	0.02y pm-0.01dis	-0.03	0.18-0.14pm	0.32
Austria	17.74-17.86½	17.74-17.78	3-2¼gro pm	1.77	9-8½pm	1.74
Switz.	2.0840-2.0965	2.0875-2.0885	0.76-0.73c pm	4.33	2.17-2.12pm	4.11

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.45-51.55.

EXCHANGE CROSS RATES

Nov. 28	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.477	3.735	297.5	11.40	3.088	4.200	2527.	2.038	75.70
$	0.677	1.	2.529	201.5	7.720	2.089	2.844	1711.	1.380	51.25
DM	0.268	0.395	1.	79.65	3.053	0.826	1.124	676.6	0.545	20.27
YEN	3.361	4.965	12.55	1000.	38.35	10.37	14.12	8595.	6.849	254.5
F Fr.	0.877	1.295	3.276	260.9	10.	2.706	3.683	2216.	1.787	66.39
S Fr.	0.324	0.479	1.211	96.43	3.696	1.	1.361	818.2	0.661	24.54
H Fl.	0.238	0.352	0.888	70.85	2.715	0.735	1.	601.7	0.485	18.02
Lira	0.396	0.584	1.478	117.7	4.512	1.221	1.662	1000.	0.803	29.95
C $	0.491	0.725	1.833	146.0	5.596	1.514	2.061	1240.	1.	37.16
B Fr.	1.321	1.951	4.934	393.0	15.06	4.075	5.548	3339.	2.692	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Nov. 28	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11½-12⅛	11¾-11⅞	11⅝-11¹³⁄₁₆	11½-11⅝	11⁹⁄₁₆-11¹¹⁄₁₆	11⅛-11¼
U.S. Dollar	—	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆
Can Dollar	8⅞-9⅛	9-9¼	8⅞-9⅛	8⅞-9⅛	8¹⁵⁄₁₆-9³⁄₁₆	8¹⁵⁄₁₆-9³⁄₁₆
D Guilder	6⅜-6⅞	6⅜-5⅞	6¾-5⅞	5¾-5⅞	5⅞-6	5¹³⁄₁₆-5¹⁵⁄₁₆
Sw. Franc	⅞-1⅛	1⅝-1⅞	3¹³⁄₁₆-4¹⁄₁₆	3¹³⁄₁₆-4¹⁄₁₆	4-4⅛	4¹⁄₁₆-4³⁄₁₆
Deutschmrk	4½-4⅝	4½-4⅝	4⅝-4¾	4⅝-4¾	4¹¹⁄₁₆-4¹³⁄₁₆	4¹¹⁄₁₆-4¹³⁄₁₆
Fr. Franc	11-13	8¾-8⅞	8¾-8⅞	8¹⁵⁄₁₆-9¹⁄₁₆	10⁹⁄₁₆-10¹¹⁄₁₆	10-10¼
Italian Lira	8-16	15⅛-16	15¾-14¾	13⅝-14⅛	13⅝-14⅛	13⅝-14¼
B.Fr.(Fin)	—	8½-8¾	8½-8¾	8½-8¾	8½-8¾	8½-8¾
Br.Fr.(Con)	—	8½-8¾	8½-8¾	8½-8¾	8½-8¾	8½-8¾
Yen	8-8⅛	8⅛-8³⁄₁₆	8⅛-8³⁄₁₆	7¾-7⅞	7⅜-7⁹⁄₁₆	7-7⅛
D. Krone	8⅝-9⅛	8¾-9¼	9-9½	9-9½	9-9½	9¼-9¾
Asian $ (Sng)	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆

Long-term Eurodollars: two years 8¾-9 per cent; three years 9¼-9½ per cent; four years 9½-9¾ per cent; five years 9²³⁄₃₂-9²⁵⁄₃₂ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two-days' notice.

FINANCIAL FUTURES

Quiet trading

Gilt futures weakened on the London International Financial Futures Exchange yesterday. After a stronger start prices fell back, to come into line with cash, as dealings opened in the new convertible short tap stock. The strong response to the £1bn issue, which sold out on its first day's trading on Wednesday, had left futures prices running ahead of cash overnight. Cash prices were also slightly weaker yesterday, as sterling improved against the dollar, but suffered along with the Swiss franc and yen from strong demand for the D-mark. Nervousness about oil prices, after a report that Saudi Arabian production has exceeded its Opec quota, also kept the pound soft against Continental currencies. Most trading has now moved into March delivery long gilts. This contract opened at 113-12, near the day's high of 113-13, and after touching a low of 113-00, closed at 113-05 compared with 113-09.

Short sterling remained quiet and steady, amid little expectation of any change in UK bank base rates before the new year. March three-month sterling deposits began at 89.18, the day's high, and closed at 89.15, against 89.17 on Wednesday.

Trading in dollar denominated contracts was also quiet, with Chicago closed for Thanksgiving Day. A higher trend in US Treasury bond futures followed an upward move in Chicago on Wednesday, prompted by hopes of a cut in the Federal Reserve discount rate and also in response to the conclusion of a $61bn refunding package by the US Treasury. March Treasury bonds opened and closed at 80-12, compared with 79-24 previously, with the market pleased at the success of the US Treasury's auction of five-year notes.

Rates in the futures and options tables for Chicago and Philadelphia are for November 27, because of yesterday's closure of markets for Thanksgiving Day.

CURRENCY MOVEMENTS

Nov. 28	Bank of England Index	Morgan Guaranty Change %
Sterling	80.8	N/A
U.S. dollar	126.5	"
Canadian dollar	92.2	"
Austrian schilling	125.2	"
Belgian franc	92.8	"
Danish Kroner	82.7	"
Deutsche mark	129.1	"
Swiss franc	159.0	"
Guilder	119.6	"
French franc	69.3	"
Lira	45.6	"
Yen	178.1	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	n/a	0.591408
U.S. $	7½	n/a	0.872032
Canadian $	8.96	*	1.20166
Austria Sch.	4	n/a	15.5222
Belgian Fr.	8¾	n/a	44.6916
Danish Kr.	7	n/a	8.00525
D mark	4	n/a	2.20798
Guilder	5	n/a	2.48356
French Fr.	9½	n/a	6.73514
Lira	15½	n/a	1492.26
Yen	5	n/a	175.470
Norway Kr.	8	n/a	6.64062
Span'h Pta.	—	n/a	136.265
Swedish Kr.	10½	n/a	6.57933
Swiss Fr.	4	n/a	1.82908
Greek Dr'ch	20½	n/a	130.561
Irish Punt	—	n/a	0.714195

*C$/SDR rate for Nov. 27: 1.50067.

OTHER CURRENCIES

Nov. 28	£	$
Arg'tina	1.1812-1.1836	0.8000-0.8010
Aus'alia	2.1490-2.1530	1.4550-1.4565
Brazil	13,666-13,740	9,265-9,300
Finland	8.0460-8.0560	5.4590-5.4610
Greece	218.37-225.08	148.54-151.55
H'kong	11.5179-11.5490	7.8005-7.8025
Iran	123.6*	85.10*
Kuwait	0.4280-0.4290	0.28980-0.29000
Lux'burg	75.65-75.75	51.20-51.30
Malay'a	3.5760-3.5855	2.4230-2.4250
N'Z'land	2.5800-2.5900	1.7466-1.7515
Saudi Ar.	5.3890-5.4005	3.6503-3.6508
Sin'pore	3.0870-3.0955	2.0920-2.0940
S.Af. (Cm)	3.9400-3.9610	2.6685-2.6815
S.Af. (Fn)	4.5465-4.5905	3.0770-3.1745
U.A.E.	5.4280-5.4340	3.6720-3.6756

* Selling rate.

STERLING INDEX

	Nov 28	Previous
8.30 am	80.6	80.7
9.00 am	80.6	80.7
10.00 am	80.6	80.7
11.00 am	80.7	80.7
Noon	80.7	80.7
1.00 pm	80.7	80.6
2.00 pm	80.7	80.6
3.00 pm	80.7	80.6
4.00 pm	80.8	80.7

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4770	1.4728	1.4652	1.4550	1.4398

IMM—STERLING Se per £

	Close	High	Low	Prev
Dec	1.4685	1.4735	1.4610	1.4700
March	1.4555	1.4625	1.4505	1.4590
June	1.4485	1.4520	1.4400	1.4490
Sept	[illegible]	—	—	1.2505
Dec	1.4200	1.4465	1.4255	1.4460

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4760	1.4762	1.4675	1.4684
March	1.4647	1.4650	1.4560	1.4570
June	1.4557	1.4468	1.4474	1.4475

Estimated volume 229 (425). Previous day's open int 4,040 (4,021)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3958	0.3957	0.3949	0.3934
March	0.3982	0.3994	0.3983	0.3967
June	0.4024	—	—	0.3999

Estimated volume 12 (67). Previous day's open int 250 (251)

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.6916	-0.31	+0.58	±1.5425
Danish Krone	8.12857	8.00525	-1.52	-0.63	±1.6421
German D-mark	2.23840	2.20798	-1.36	-0.47	±1.1455
French Franc	6.86402	6.73514	-1.88	-0.99	±1.3654
Dutch Guilder	2.52208	2.48355	-1.53	-0.64	±1.5162
Irish Punt	0.724578	0.714195	-1.43	-0.54	±1.6673
Italian Lira	1520.60	1492.26	-1.86	-1.69	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	112-25	113-03	112-21	112-31
March	113-05	113-13	113-00	113-09
June				
Sept	112-04	—	—	112-09

Estimated volume 5,033 (6,735). Previous day's open int 8,720 (8,394). Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) −4 to +6 (32nds).

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Dec	97-29	97-35	97-27	97-36
March	97-46	97-55	97-46	97-56

Estimated volume 445 (1,145). Previous day's open int 1,552 (1,566)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Dec	88.55	88.57	88.53	88.59
March	89.15	89.18	89.12	89.77
June	89.49	89.50	89.48	89.51
Sept	89.64	89.62	89.50	89.64
Dec	89.55	89.55	89.54	89.57

Estimated volume 1,352 (1,480). Previous day's open int 7,625 (7,406)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	143.25	144.60	143.20	143.55
March	144.35	145.15	144.40	144.75

Estimated volume 408 (320). Previous day's open int 2,126 (2,108)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	91.97	92.00	91.96	91.97
March	91.97	91.99	91.95	91.97
June	91.79	91.81	91.78	91.78
Sept	91.49	91.50	91.49	91.45
Dec	91.19	91.19	91.19	91.14

Estimated volume 1,487 (3,088). Previous day's open int 21,591 (21,382)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	81-15	91-16	81-15	80-29
March	80-12	80-15	80-12	79-24
June	79-13	—	—	78-25

Estimated volume 542 (3,155). Previous day's open int 2,788 (3,024). 78+3 1008 ...... (.31+

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	81-08	81-16	80-19	80-26
March	80-04	80-11	79-19	79-20
June	79-04	79-12	78-14	78-20
Sept	78-07	78-11	77-18	77-23
Dec	77-12	77-21	76-25	76-29
March	76-20	76-24	76-02	76-06
June	75-31	76-03	75-13	75-77
Sept	—			
Dec	74-29	75-02	74-29	74-15
March	74-16	—	—	74-03

US TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	92.28	93.00	92.92	92.95
March	92.88	93.91	92.83	92.96
June	92.80	82.81	92.74	92.76
Sept	92.50	92.52	92.50	92.48
Dec	92.23	92.23	92.18	92.19
March	91.94	91.94	91.90	91.89
June	91.68	91.68	—	91.63
Sept	91.42	91.42	—	91.37

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	92.28	92.32	92.25	92.27
March	92.29	92.31	92.23	92.26
June	92.09	—	—	92.02
Sept	91.77	—	—	91.71

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	92.00	92.04	91.95	91.99
March	91.98	92.02	91.91	91.95
June	91.78	91.80	91.71	91.72
Sept	91.47	91.49	91.41	91.41
Dec	91.77	91.16	91.00	91.10
March	90.87	90.87	90.79	90.78
June	90.59	90.58	90.51	90.50
Sept	90.32	90.31	90.30	90.23

LIFFE—EURODOLLAR OPTIONS $1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.97	1.97	1.82	—	0.00	0.00	0.03	—
90.50	1.47	1.48	1.36	—	0.00	0.01	0.07	—
91.00	0.97	1.00	0.94	—	0.00	0.03	0.15	—
91.50	0.47	0.58	0.58	—	0.00	0.11	0.29	—
92.00	0.09	0.27	0.31	50	0.12	0.30	0.52	95
92.50	0.00	0.09	0.14	—	0.53	0.62	0.86	—
93.00	0.00	0.02	—	—	1.03	1.05	—	—

Previous day's open int. Calls 3,035, Puts 3,308

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	27.77	27.77	27.77	—	0.00	0.01	0.16	—
1.25	22.77	22.77	22.77	—	0.00	0.04	0.42	—
1.30	17.77	17.77	17.77	—	0.00	0.18	0.97	—
1.35	12.77	12.77	12.77	—	0.00	0.62	1.94	110
1.40	7.77	8.09	9.05	143	0.02	1.82	3.48	35
1.45	3.10	4.90	6.24	84	0.50	3.43	5.67	316
1.50	0.57	2.67	4.09	40	2.97	6.20	8.52	—

Previous day's open int. Calls 9,706, Puts 17,218

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	Jan	Feb	Vol	Puts—Last Dec	Jan	Feb	Vol
1.20	27.80	—	—	—	0.16	—	—	—
1.25	22.80	—	—	—	0.10	—	—	—
1.30	17.80	—	—	—	0.10	—	—	—
1.35	12.80	12.80	13.00	28	0.10	0.20	0.30	—
1.40	7.80	7.80	8.00	2	0.20	0.45	1.00	2
1.45	2.95	3.70	4.40	5	0.55	1.55	2.90	20
1.50	0.50	1.30	2.10	—	3.10	4.25	5.50	20

Previous day's open int. Calls 8,482, Puts 10,119

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	Jan	Feb	Vol	Puts—Last Dec	Jan	Feb	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	0.16	—	100
1.40	7.35	—	—	429	0.10	0.45	1.10	276
1.45	2.59	3.25	—	651	0.60	1.80	—	233
1.50	0.25	1.05	—	896	—	—	—	—

Previous day's open int. Calls 70,450, Puts 49,129

Company Notices

MAFINA B.V.

AVIS

Notice to Bondholders

Loan 1973-1988 4½%

US$ 75,000,000

Bondholders are informed that the redemption of the third annual instalment at 1st January 1986 of US$9,600,000 has been effected by purchases and consequently no draw by lot will take place.

Amount remaining in circulation as at January 1st 1986 US$38,400,000.

Banque Internationale a Luxembourg
Societe Anonyme

Luxembourg
29th November 1985

MONEY MARKETS

London rates little changed

Interest rates remained steady in quiet trading on the London money market, with attention mainly concentrated on overnight trading. Market help appeared to have been slightly overdone, according to the Bank of England forecast, pushing the overnight rate down sharply, happy to pick up as much cheap money as possible, in expectation of a very large credit shortage today. Sterling was stronger against the dollar, but weaker against Continentals, leaving interest rates steady. Three-month interbank remained at 11½-11⅝ per cent, while discount houses buying rates for three-month bank bills eased slightly at 11⁵⁄₁₆ per cent from 11⅜ per cent. Dealers reported some confusion in the market as a result of large sums moving around the banking system after the success of the gilt tap, and in pursuit of Laura Ashley shares.

The Bank of England forecast a money market shortage of £300m in the morning, but reduced this to £250m at noon. Total help of £274m was provided.

Before lunch the authorities bought £202m bills outright, by way of £16m bank bills in band 1 at 11⅜ per cent; £91m bank bills in band 2 at 11⁵⁄₁₆ per cent; and £95m bank bills in band 4 at 11³⁄₁₆ per cent.

In the afternoon the Bank of England purchased a further £72m bank bills outright, in band 2 at 11⁵⁄₁₆ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £825m, with a rise in the note circulation absorbing £55m, and bank balances below target another £50m. These outweighed Exchequer transactions adding £650m to liquidity.

In Frankfurt call money eased to 4.80 per cent from 4.875 per cent in nervous end of month trading. A very wide range was quoted between 4.60 per cent and 5.00 per cent.

UK clearing banks' base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	N/A
Broker loan rate	N/A
Fed funds	N/A
Fed funds at intervention	N/A
Treasury Bills & Bonds	
One month	N/A
Two month	N/A
Three month	N/A
Six month	N/A
One year	N/A
Two year	N/A
Three year	N/A
Four year	N/A
Five year	N/A
Seven year	N/A
10 year	N/A
30 year	N/A

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 28) Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 5/16	bid 8 1/16	offer 8 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Nov. 28	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.70-4.90	4.6-4.7	4.75-4.85	4.75-4.85	4.75-4.90	5.5
Paris	8⅞	8¾-8⅞	8¾-8⅞	8¾-8⅞	9¹⁄₁₆-9³⁄₁₆	8¾
Zurich	⅞-1⅛	3⅞-4⅛	—	3¹⁵⁄₁₆-4¹⁄₁₆	—	—
Amsterdam	0¾-5⅛	3⅞-5⅜	—	5⅞-5⅜	—	—
Tokyo	7.69375	8.18750	—	7.90625	—	—
Milan	14⅞-14⅞	14¾-15⅛	—	14¼-14⅝	—	—
Brussels	6.25	8⅛-8¾	—	8⅛-8¾	8⅜-8⅝	—
Dublin	9⅞-10⅛	9⅞-10⅛	10⅛-10⅜	10¼-10⅜	10⅜-10⅝	—

LONDON MONEY RATES

Nov. 28	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	5-19	11¾-12	11⅝-11¾	11½-11⅝	11⁷⁄₁₆-11⁹⁄₁₆	11⅛-11¼
Sterling CDs	—	—	11⅝-11¾	11⅜-11½	11⅛-11¼	10⅞-11⅛
Local Authority Depos	11¾-11⅞	11½	11⅝	11½	11⅜	11⅛
Local Authority Bonds	—	—	12	11⅞	11¾	11⅛
Discount Mkt Depos	6-11¾	11½-11⅝	11½	11⁷⁄₁₆	—	—
Company Depos	10-12	11⅞-12	11⅞	11¾	—	—
Finance House Depos	—	—	11⅞	11½	11⅝	11¼
Treasury Bills (Buy)	—	—	11⁵⁄₁₆	11⅛	—	—
Bank Bills (Buy)	—	—	11⁷⁄₁₆	11⅜	10⁷⁄₈-10¾	—
Fine Trade Bills (Buy)	—	—	11¹³⁄₁₆	11⅝	11⁵⁄₁₆	—
Dollar CDs	—	—	7.9-8.0	7.9-8.0	7.9-8.0	8.05-8.15
SDR Linked Depos	—	—	7⅝-8⅛	7⅝-8⅛	7⅝-8⅛	7⅞-8⅛
ECU Depos	—	—	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞	8½-8⅝

Treasury Bills (sell): one-month 11⁵⁄₁₆ per cent; three-month 11 per cent; Bank Bills (sell): one-month 11⁵⁄₁₆ per cent; three-months 11³⁄₃₂ per cent. Treasury Bills: Average tender rate at discount 11.1177 per cent. ECGD Fixed Finance Scheme IV reference rate October 2 to November 5 (inclusive): 11.808 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 5.25-5.625 per cent (nil). Certificates of Tax Deposits (Series 9): Deposits £100,000 and over held under one month: 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11¼ per cent. Under £100,000 10¾ per cent from November 19. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 27, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of November 27 at 11.00 a.m.
3 months: 8³⁄₁₆ 6 months: 8³⁄₁₆

ECU=$US.86639 SDR1=$US1.08906
Sibor as of November 27 at 11.00 a.m.
3 months: 8³⁄₁₆ 6 months: 8³⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Grenada	E. Caribbean $	2.70	Paraguay	Guarani (o.c.)	240.00
Albania	Lek	6.874	Guadaloupe	Franc	7.77		Guarani (d)	555.00
Algeria	Dinar	4.8839	Guam	U.S. $	1.00	Peru	Sol (o) (2)	15942.
Andorra	Fr. Franc	7.77	Guatemala	Quetzal (o)	1.00	Philippines	Peso	18.747
	Sp. Peseta	157.45		Quetzal (h, l)	3.28	Pitcairn Is.	N.Z. Dollar	1.74
Angola	Kwanza	29.818	Guinea Bissau	Peso	170.479	Poland	Zloty (o)	130.14
Antigua	E. Caribbean $	2.70	Guinea Rep.	Syli	22.6667	Portugal	Escudo	161.00
Argentina	Austral (6)	0.801	Guyana	Dollar	4.18	Puerto Rico	U.S. dollar	1.00
Australia	Dollar	1.4567	Haiti	Gourde	5.00	Qatar	Riyal	3.541
Austria	Schilling	17.92	Honduras Rep.	Lempira	2.00	Reunion, Ile de la	Fr. Franc	7.77
Azores	Port. Escudo	161.00		Lempira (d)	2.55	Romania	Leu (o)	4.07
Bahamas	Dollar	1.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 1/16	99 1/32	Exch. 11 1/4pc '86	99 21/32	– 1/32	11.75	11.33
99 3/8	10	Treas. 10pcCnv 1986	99 11/32	+ 1/32	10.05	11.23
96 7/32	92 1/4	Treas 3pc 1986	96 5/16	+ 1/16	3.11	10.75
100	97 1/2	Exch. 10 1/2pc 1986	99 3/4	.....	10.53	11.12
101 7/8	99 1/4	Treas 12pc 1986	100 1/2xd	.....	11.94	11.09
98 1/2	94 1/4	Treas 8 1/4pc 1984-86‡‡	98 1/16	.....	[illegible]	11.13
105 3/4	102 1/4	Exch. 14pc 1986	102 7/16	.....	[illegible]	11.07
94 11/16	87 3/4	Exch. 2 1/2pc 1986	94 11/16	+ 1/16	[illegible]	8.26
104 5/32	101 1/4	Exch. 13 1/4pc 1987	102 1/4	– 1/16	[illegible]	11.11
99 1/2	96 5/8	Treas 10 1/4pcCv '87	99 1/2	– 1/16	[illegible]	10.95
93 1/4	85 1/2	Exch 2 1/2pc 1987	92 13/16	– 1/16	[illegible]	8.60
100 3/4	96 1/4	Exch. 10 1/2pc 1987	99 7/16	– 1/8	[illegible]	10.92
95 3/16	89	Funding 6 1/2pc '85-87‡‡	94 13/16	.....	[illegible]	10.43
99 3/16	95 1/2	Treas. 10pc 1987	98 1/4xd	– 1/16	[illegible]	10.90
91 1/4	84 1/4	Treas 3pc 1987	91 1/2	.....	[illegible]	8.72
102 3/8	99 1/8	Treas. 12pc 1987	101 13/16	– 1/16	[illegible]	10.91
95 3/16	90 1/4	Treas 7 3/4pc 1985-88‡‡	94 1/2	+ 1/16	[illegible]	10.62
100 1/16	95 1/4	Exch 10 1/2pc '88	99 5/8	– 1/16	[illegible]	10.81
98 3/4	93 1/8	Treas 9 1/2pc Cv '88	97 1/2xd	– 1/16	[illegible]	10.92
87 11/16	80	Transport 3pc '78-88	87 5/16xd	– 1/16	[illegible]	8.47
97 3/4	91 1/2	Treas. 9 1/2pc '88	96 7/8	– 1/16	[illegible]	10.90
102 3/4	97 1/2	Treas 11 1/2pc 1989	101 1/4	– 1/16	11.30	10.80
97 1/16	90 1/4	Treas 9 1/2pc Cnv. '89	96 1/8	– 1/16	9.88	10.89
84 1/8	79	Treas 3pc 1989	84 1/16	.....	3.57	8.41
99 7/8	94	Treas 10 1/2pc 1989	99 1/8xd	– 1/16	10.59	10.88
98 1/4	92	Exch 10pc 1989	97 3/8	– 1/8	10.27	10.87
101 3/16	95	Exch 11pc 1989	100 1/2	– 1/16	10.95	10.82
86 1/4	79	Treas 5pc 1986-89	86 1/16	+ 1/16	5.81	9.36
—	—	Exch 10 1/4pcCv '89 (£40pd)	£98 1/2	.....	12.07	10.67
107 1/2	40	Treas 13pc 1990‡‡	107 1/2	– 1/16	10.37	10.63
101 5/8	96 11/16	Exch 11pc 1990‡‡	100 5/8	– 1/16	10.93	10.70
108 1/4	100 1/4	Exch. 12 1/2pc 1990	106	– 1/8	11.79	10.72
81 3/16	75 1/4	Treas. 3pc 1990	81 1/16	+ 1/16	3.70	8.17
93 1/8	87 1/4	Treas 8 1/4pc 1987-90‡‡	92 1/16xd	– 1/16	8.96	10.50
101 1/8	91 7/8	Treas. 10pcCv 1990	97 1/8	– 1/16	10.30	10.76

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
47	34	[illegible] (P & W) 20p	47	+1	†1.7	2.3	5.2	9.7
[illegible]	46	[illegible] Group	[illegible]		2.6	5.0	4.2	10.7
60	28	[illegible] Hldgs 10p	53	+1	—	—	—	[illegible]
515	202	[illegible] Ship Can. £1	487		5.5	3.5	1.6	25.6
122	70	[illegible]	119	+½	5.75	2.3	4.5	14.4
101	52	[illegible] Ind. 10p	90		41.5	5.1	2.4	11.5
82	56	[illegible] L'ry. 'A'	72		†2.4	4.9	4.8	5.2
77	55	[illegible] Universal	72	–1	†2.0	1.4	4.0	(22.0)
89	78	Do. 7½pcCnRedPf £1	[illegible]	+2	7½%	—	12.2	—
£120	£81	[illegible] 7¾%	£110		Q7¾%	3.5	17.2	—
35	15	[illegible] 5p	19		—	—	—	—
551	375	[illegible] £1	515xd	+5	17.25	5.0	4.8	8.2
170	110	Metal Closures	130	+15	6.7	2.0	7.4	8.1
27	5	Metal Scrapers 2½p	5	–1	—	—	—	—
104	63	Midland Marts	80xd		4.0	2.1	7.1	9.6
[illegible]	56½	Mitchell Cotts	69xd	–½	4.25	2.0	8.8	(7.0)
230	182	Morgan Crucible	203		†8.0	1.6	5.6	14.1
33	22	Morris (W) 7.A. 20p	23		g0.5	♦	5.1	♦
131	91	Mosa (Robt.) 10p	110xd	–2	†5.0	2.7	3.9	11.8
81	60	Myson Grp 10p	65xd		g2.5	3.4	5.5	12.3
320	214	N.M.W. Computers	295		[illegible]	2.7	2.3	22.7
45	28	Nash Inds.	30	–2	†2.5	1.5	‡	6.9
40	15	Neil & Spencer 10p	16		—	—	—	4.8
44	14½	Newman Inds 10p	35		20.3	—	1.2	(34.6)
51	26	Nolton	51	+5	1.17	8.1	3.3	3.3
216	146	Norcros	214		8.4	2.2	5.7	10.7
67	45	Nu-Swift 5p	50		†3.0	1.9	8.6	8.1
114	68	Oakwood Grp.	98		†84.5	1.4	6.6	(14.0)
250	150	Office & Elect	212		77.5	2.6	5.1	10.9
108	75	Osborne 20p	85		4.0	2.6	6.7	7.5
58	37	Optometrics $0.01	40		—	—	—	—
495	312½	Oriflame £1	445		ud02c	—	3.9	—
18	5½	Ovenstone 12½c	8xd		†23.4	1.0	3.5	10.5
£213	£158	Oxalid 9pc Cnv 87-92	£213	+5	g03.23c	1.9	10.5	5.0
125	98½	PCT Grp 10p	100xd		Q9%	—	—	—
£18	850	PLM "B" Sk 25	950		3.2	1.2	6.7	(24.6)
145	120	PSM Intl	120		Q21.6%	2.9	4.9	7.2
180	115	Pacer Systems $0.01	171	–7	tg5.25	2.5	6.2	8.2
68	30	Pacific Sales 10p	68		bg3.84c	—	1.7	—
296	165	Parker Knoll 'A'	296	+6	3.0	2.1	6.5	8.9
207	45	Parkfield Group 5p	202	–5	9.5	2.9	4.6	10.8
60	37	Parrian Intl	58	–1	2.4	2.4	1.7	33.8
£190	£101	Do. 11pc Cnv Ln '94-02	£243		—	—	—	—

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –	Div Net
52	7	Entertain Prod 5p	10		bd2.25
82	50	Fairline Boats 10p	82		†2.63
391	228	First Leisure £1	384		16.5
69	51	GRA Group 5p	67		—
32	23	Grampian TV A 10p	28xd		†h1.67
175	117	HTV Non/Vtg.	175		7.7
148	70	Horizon	94		♦4.4
140	95	Hotel Leisure 10p	102	+4	4.8
232	100	Juliana's Hldgs 2p	108		†2.0
300	217	LWT	263xd		14.4
38	25	Leisure Inv 10p	35	+1	—
65	53	Leisuretime Int 10p	62		†2.1
115	90	Lowmar	100	–2	ø2.63
183	153	Media Tech Int 20p	167	+2	g2.90
205	124	Mediamaster 10p	155xd		5.35
280	175	Miles World 10p	180		3.6
127½	68	Nationwide Leisure	68		(3.75)
39	11	Nationwide Inv 20c	11½		—
27	19½	Owners Abroad	22½	–½	1.0
54	36	Pleasurama (Lon.)	46		—
24½	10	P'dilly Radio NV 5p	21	+1	1.87
98	80	Pineapple Dnc $1 10p	38	+2	—
342	183	Pleasurama 5p	320		[illegible]
161	109	Do. 7pcCvCnvRedPf	157		7%
96	77½	Pres Entertain 50p	86		†2.0
45	18	Radio City 'A' NV	27	+2	—
55	38	Radio Clyde N/V	40		3.29
63	34	Riley Leisure 10p	46		†0.7
194	143	Saga Hols. 20p	592		†4.0
[illegible]	97	Samuelson Grp 20p	275	–3	†2.6
111	25	Saunders Photo 10p	102		‡2.0
202	190	Scenario 50p	140	+2	g3.68
186	128	Scott. TV 'A' 10p	186		10.8
508	268	SeaCo Inc $0.125	264		—
15	7	SelecTV 10p	11	+1	—
140	8	Goodram 5p	25	+1	†h2.0
33	25	TSW 5p	33		1.7
153	100	TVS N/Vtg 10p	152		6.0
235	152	Television Svcs 50p	173	–2	11.5
79	62	Tottenham Hotspur	64		4.4
105	72	Trilion 10p	85	+2	[illegible]
160	39½	21st Century Dist	51		—

MINES—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
350	117	Centennial Min's.	262		—	—	—
120	48	Colby Res Corp.	70		—	—	—
550	175	Cons. Murch. 10c	215		g086½c	3.9	10.5
40	24	Ennex Int. Ir10p	32		—	—	—
123	80	Greenwich Res.	80	–4	—	—	—
215	115	Hampton Areas 10p	143	–2	3.75	0.9	3.5
260	135	Highwood Res.	145		—	—	—
£22¾	£15¾	Homestake Mining $1	£16	–¾	Q20c	—	0.9
310	155	McFinley Red Lake	225	+18	—	—	—
335	195	Musto Explorations	270	–5	—	—	—
55	23	New Sabine Res C$1	42		—	—	—
375	195	Northgate C$1	240	+3	—	—	—
685	523	RTZ	523	–9	†20.0	2.8	3.3
£149½	£136½	Do. 9¾pcLn '95-2000	£110	–2	Q9¾%	14.0	8.3
980	880	Tara Explo $1	884	–16	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ¶ "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ∮ Forecast dividend; cover on earnings updated by latest interim statement.
- 7 Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	...	Fin. 13% 97/02	£104¾	...
Craig & Rose £1	600xd	...	Arnotts	225xd	...
Finlay Pkg. 5p	51	—	CPI Hldgs.	70	...
Holt (Jos) 25p	710	...	Carrol Inds.	145	...
Inll Sm. £1	77	...	Dublin Gas	77	...
			Hall (R. & H.)	56	...
IRISH			Heiton Hldgs.	24	...
Fund 11¾% 1988	£100¾	...	Irish Ropes	45	...
Nat. 9¾% 84/89	£95½	...	Unidare	130	...

"Recent Issues" and "Rights" Page 30 (International Edition Page 32)

LONDON STOCK EXCHANGE

MARKET REPORT

Attempt to emulate Wall St strength ends in failure and equities close lower on day

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16
Dec 9	Dec 19	Dec 20	Jan 6

* "New-time" dealings may take place from 8.30 am two business days earlier.

Leading shares failed to emulate the strong performance of Wall Street on Wednesday which ahead of yesterday's Thanksgiving Day holiday surged forward to a new peak. The market in London opened confidently on hopes that investment demand would revive after the recent lull. Brokers were impressed with the previous session's rebound from Tuesday's low levels and cited this as an underpinning influence.

The two main indices both showed sharp gains within minutes of the start but it became evident a while later that buyers were not prepared to chase values higher. Funds available for new investment were limited, being no doubt depleted by the subscription for the Laura Ashley issue; it was suggested that nearly £3bn had been put up for the near-£67m of stock offered to the public.

Top-quality industrials began to ease back and traders were settling down for an uneventful day when a mid-session burst of profit-taking erupted. The sales were initially aimed at oil shares and the sector, already sensitive to spot oil price trends, reacted nervously. Most areas of the market were later caught up in the uncertainty and many current favourite shares suffered.

Selected high-flying Stores fell back and, in the absence of any guide from New York, the general feeling of unease continued into the after-hours' trade. Finally the FT Ordinary Share Index settled 5.9 down at 1133.0, after having been 8.6 up at the 10 am calculation. The FT-SE 100 Share Index portrayed a similar picture, ending 8.7 lower at 1,429.3.

Sterling's continued firmness against the dollar and some other leading currencies gave support to Gilt-edged securities. Comment on the Government's funding needs after Wednesday's sell-out of the latest £1bn offering also contributed to the tone. Demand soon dried up, however, and prices later struggled to hold the early gains. The new stock, £40-paid Exchequer 10¼ per cent Convertible 1989, achieved a premium in first-time dealings, touching 40 1/16 before closing at 40 1/16.

Insurances below best

Investors returned for Insurances and, although closing levels were below the day's best, gains ranged to 10. Sun Alliance added 10 at 550p, after 558p, while Royals put on 8 at 785p, after 797p, and General Accident 5 at 722p, after 728p. Commercial Union hardened a couple of pence to 233p, after 237p.

Distillers remains in the limelight following a meeting with analysts and advanced to a new high of 513p before settling 10 up on balance at 510p. Argyll, still expected to launch a bid for Distillers next week, eased a penny to 337p. Breweries were lively. Once again, Allied-Lyons led the way, rising 9 more to 301p, after 306p, awaiting a fresh initiative from Elders IXL. Scottish and Newcastle rallied 5 to 191p, after 194p, but Bass, preliminary figures expected next Thursday, eased a few pence to 667p.

John Laing and George Wimpey's decision to withdraw staff from Saudi Arabia because of payment difficulties depressed both companies' share prices; the former reacted to 317p before closing a net 23 down at 322p, while the latter settled 4 lower at 125p, after 124p. Other Contracting and Construction issues closed well below the best having been very firm at the outset. Taylor Woodrow touched 528p prior to closing 6 dearer at 523p, while AMEC, up to 250p initially, finished 2 higher at 248p. Aberdeen Construction remained a good market and added 4 more at 236p, while French Kier hardened 3 to 252p pending further bid developments. Elsewhere, Redland rose 9 to 357p following good interim results.

ICI, firm initially at 729p on Wall Street influences, drifted back in the absence of follow-through support to close unchanged at 720p. Elsewhere in the Chemical sector, Wardle Storeys found support at 220p, up 4, while British Benzol gained 3½ more to 34½p on "shell operation" hopes.

Stores mixed

Leading Retailers succumbed to profit-taking after Wednesday's late upsurge. British Home, however, still reflecting counter-bid rumours, moved between narrow extremes of 417p and 413p before closing a penny easier at 414p; Sears mentioned as a possible suitor, relinquished the same amount at 117p. Habitat Mothercare, meanwhile, lost 24 to 540p as doubts about its planned link-up with BHS began to unsettle the market. Burton dropped 21 to 572p and Woolworths shed 23 at 572p, while Harris Queensway declined 12 at 270p. Marks and Spencer closed a few pence off at 181p, after 178p.

Secondary Stores provided numerous firm features. A Wood Mackenzie recommendation for mail orders helped Freemans rise 4 to 384p and Grattan advance 14 to 380p, after 382p. Speculative buying of Goodman Bros in the wake of Mr David Bernstein's acquisition of a near-10 per cent stake in the company helped the shares touch 42p before closing a net 3 dearer on balance at 39½p. Vantona Viyella found support at 460p, up 18, while improvements of 8 were seen in NSS Newsagents, 118p, and Superdrug, 503p. Etam jumped 12 to 232p and Bolton Textile, on the results, improved 2 to 20p.

Inclined harder at the opening, leading Electricals encountered revived selling and Plessey reacted 6 to 136p. Thorn EMI gave up 12, at 422p, after the previous day's late flurry of buying activity. Elsewhere, Dubilier responded afresh to the preliminary figures with a further rise of 4 to 184p for a two-day gain of 18. Speculative demand lifted Unitech 10 to 237p, while Brown Boveri were noteworthy for an improvement of 7 to 78p. MMT, reflecting the increased dividend and earnings, rose 5 to 155p.

Leading Engineers finished on a dull note, Hawker settling 8 off at 438p and GKN 6 down at 259p. Secondary issues were featured by a revival of speculative activity in takeover chestnut Stothert and Pitt which advanced 27 to 183p. Demand ahead of the interim figures, due next month, left Deritend 16 higher at 193p. Babcock, down to 185p initially on profit-taking, revived late to close only 3 off on balance at 191p. Weir Group continued to reflect favourable Press mention and news of the proposed sale of its 50 per cent interest in Worthington-Simpson to Dresser Industries by gaining 3½ to 82½p. 600 Group, in contrast, fell 6½p to 99½p on disappointment with the interim figures.

United Biscuits gained 6 more to 279p, after 280p, on speculation that the eagerly awaited merger terms with Imperial Group will be revealed today, or that a counter offer may yet emerge; Imperial, a strong market on Wednesday on talk of a possible bid from Hanson Trust, encountered profit-taking and shed 7 to 238p. Elsewhere, Tate and Lyle closed 10 higher at 590p, while Cadbury Schweppes put on 6 to 170p, partly reflecting strong American demand overnight. Rowntree Mackintosh were 5 better at 408p, while late buying lifted S. & W. Berisford 7 to 167p. Ranks Hovis McDougall added 3 to 185p; the annual results are due next Tuesday.

Blundell feature

Suspended earlier in the session at 146p, dealings resumed later in Blundell-Permoglaze at 176p, up 30, following news of the agreed cash bid worth 175p per share from AKZO. Elsewhere in the miscellaneous industrial sector, Pearson, overlooked of late, met with persistent demand and closed 42 higher at 413p.

English China Clays, the subject of persistent speculative demand over the past few days, ran back to 288p before fresh buyers appeared and took the price back up to a close of 303p, unchanged on the day. Revived bid speculation left Metal Closures 15 to the good at 130p, but profit-taking clipped 7 from Johnson Matthey, at 138p, after the previous day's rise in response to the interim statement. Parker Knoll A, reflecting the success of the Laura Ashley offer for sale, improved 6 to 298p. Swire Pacific A rose 5½ to 281p on the proposal to seek a listing for Cathay Pacific Airlines. Favourable reports emanating from a broker's seminar with the company left Spring Ram 13 higher at 300p, but occasional offerings prompted a fall of 15 to 310p in Pentland Industries. Among the leaders, Boots met with profit-taking and gave up 9 at 283p, but other losses were limited to a few pence.

Consultancy agents Hoggett Bowers jumped 7 to 58p on takeover hopes, while Yellowhammer reflected revived speculative support with a gain of 10 at 135p.

Sentiment in the Property sector was affected by reports of a sizable shareplacing in MEPC; the latter closed 5 cheaper at the day's lowest of 294p. Land Securities settled 3 off at 313p, after 317p, while British Land softened a couple of pence to 158p. Secondary issues displayed a bright feature in Jermyn, up 25 at 179p, after 180p, following newsletter comment. Renewed demand in a restricted market lifted Ewart New Northern 25 to 525p, but profit-taking clipped 2 from Southend Stadium, at 90p. Edmond Holdings added a penny to 12p on news that companies controlled by Mr Eric Gadsen had acquired Taddale Investments' 29 per cent stake.

Hopes of a bid from Hanson Trust continued to fuel demand for Coats Paton which improved a couple of pence more to 165p. Elsewhere in Textiles, Dawson International rose 6 to 220p in response to the higher interim profits, while improvements of 9 and 10 respectively were seen in Harold Ingram, 105p, and Leeds Group, 188p.

Bats, still reflecting a "chart sell," lost 4 afresh to 271p, after 270p. Rothmans International, however rallied 5 more for a two-day gain of 15 at 138p on recovery hopes in the wake of the poor interim figures.

Ex-Lands were an outstanding feature in Financials, exactly doubling in price to 28p, after 30p, in the wake of a sizable put through transacted in the shares late on Wednesday. Silvermines firmed 4 to 130p, after 133p, following news of its decision to fund a new oil company; Ardmore Petroleum, while speculative buying lifted Kwahu 4 to 28p. Elsewhere, Asset Special Situation Trust touched a 1985 peak of 84p with the help of a call option business before reacting late to close only a penny dearer on balance at 81p; it was announced after-hours that a subsidiary of Dominion International had sold its entire 22.4 per cent shareholding in the company.

Selling of leading Oil shares gathered pace as the crude spot oil price weakened further. Closing levels were the day's lowest. Shell sustained a fall of 17 at 658p and British Petroleum lost 14 to 568p. Britoil, a strong market of late on news of an oil discovery on block 3/4A in the North Sea, dipped 15 to 220p, while Ultramar gave up 9 to 208p. LASMO reacted 13 to 230p as bid rumours subsided and Tricentrol fell 10 to 145p. Secondary Oils showed Carless Capel down 9 at 88p on further consideration of the interim results and New London Oil 10 lower at 52p following adverse Press comment. Highland Participants gave up 7 to 183p after news of the half-year loss, but Lysander gained 6 to 72p on oil find rumours. Bryson were a volatile market and reacted to 80p prior to closing a net 13 down at 85p.

Golds give ground

Activity in South African mining markets remained at a low ebb. Golds opened slightly lower reflecting easier overnight indications from Wall Street and, despite a better performance by the Financial Rand which in turn stimulated occasional Cape support of top-quality issues, share prices continued to give ground. A minor rally developed during the early afternoon, but this proved to be short-lived following fresh small offerings from Continental sources. The closure of US markets for the Thanksgiving Day holiday also hindered business. Bullion again drifted lower to close $2 down at $326.50 an ounce.

Losses among heavyweight Golds extended to over a full point as in Western Holdings, £18, and Free State Geduld, £15¾. President Brand gave up ½ to £12¾, while Western Deep eased ¼ to £22. Among the more marginal counters, Welkom were marked 32 lower to 449p, while falls of around 20 were common to Stilfontein, 483p, Kinross, 975p, and Kloof, 504p.

FINANCIAL TIMES STOCK INDICES

	Nov. 28	Nov. 27	Nov. 26	Nov. 25	Nov. 22	Nov. 21	year ago
Government Secs	83.95	83.93	83.25	83.98	83.85	83.60	83.12
Fixed Interest	89.46	†89.35	89.34	89.37	88.80	88.96	86.22
Ordinary ♥	1133.0	1138.9	1128.5	1146.2	1135.4	1121.6	925.8
Gold Mines	288.2	299.0	306.6	302.4	294.5	283.6	550.5
Ord. Div. Yield	4.32	†4.30	4.32	4.26	4.28	4.31	4.50
Earnings, Yld. % (full)	10.74	†10.70	10.76	10.65	10.59	10.69	11.17
P/E Ratio (net) (*)	11.49	†11.52	11.45	11.60	11.58	11.53	10.70
Total bargains (Est.	25,909	28,651	34,247	36,000	62,850	28,754	20,114
Equity turnover £m.	—	583.24	658.96	612.94	634.29	645.03	316.37
Equity bargains	—	27,868	34,697	35,520	36,669	31,610	10,782
Shares traded (ml)	—	280.7	300.4	300.3	329.1	313.4	155.9

♥ 10 am 1,147.6. 11 am 1,143.2. Noon 1,141.0. 1 pm 1,138.3. 2 pm 1,134.5. 3 pm 1,134.1. 4 pm 1,133.3.

Day's High 1,148.6. Day's Low 1,133.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 11.08. † Corrected.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (16/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.2 (25/11)	911.0 (25/7)	1146.2 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Nov. 27	Nov. 26
Daily		
Gilt Edged Bargains	162.6	176.0
Equities Bargains	160.6	294.4
Equities Value	1178.9	1354.0
5 day Average		
Gilt Edged Bargains	152.7	149.0
Equities Bargains	215.6	216.2
Equities Value	1270.3	1329.3

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (114)

BRITISH FUNDS (4)
INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
AMERICANS (2)
BANKS (2)
BREWERS (4)
BUILDINGS (9)
STORES (16)
ELECTRICALS (8)
ENGINEERING (5)
FOODS (8)
HOTELS (2)
INDUSTRIALS (18)
INSURANCE (3)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (5)
SHIPPING (2)
TEXTILES (4)
TRUSTS (16)
OILS (1)

NEW LOWS (34)

AMERICANS (1)
Texaco
ELECTRICALS (5)
BOT; Micro Bus. Systems; Elect. Data Process.; United Leasing; Kewill Systems
INDUSTRIALS (4)
Davies (Charles); Clean Light; Chamberlain Phipps; Kershaw (A.)
PAPER (2)
Moorgate Group; Peters (Michael)
PROPERTY (1)
Gilbert House Inv.
SHIPPING (1)
Mersey Dock Units
TEXTILES (1)
Bulmer & Lumb
OILS (10)
Bridge Oil; LASMO Ops; Carless Capel; Magellan Petrol.; Charterhouse Pet.; Tricentrol; Crusader Oil; Do. 11pc Cnv. Ln. 1995-2005; Firstland Oil; LASMO
OVERSEAS TRADERS (2)
Inchcape; Sime Darby
MINES (7)
Bougainville; Malaysia Mining; CRA; Greenwich Resources; Haoma N.W.; RTZ; Southern Goldfields

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
240	Nil	20/1	45pm	37pm	Samuelson Grp. 20p	37pm	−1
187	Nil	—	36pm	30pm	Wedgwood	30pm	−3

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1986. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising 5 ordinary shares and 1 warrant.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17
Dec 16	Jan 3	Mar 26	Apr 7

For rate indications see end of Unit Trust Service

Money was given for the call of Carless Capel, Martin Ford, STC, Polly Peck, S. Simpson A, Eglinton Oil and Gas, Brunswick, Westland, Atlantic Resources, British Benzol, Fobel International, Thorn EMI, Fine Art Developments, Asset Special Situation Trust, Deritend Stamping and Jermyn Investment. Puts were done in Goodman Bros, Shaw Carpets, Nolton and Polly Peck, while double options were taken out in Fine Art Developments and Polly Peck.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	30	31	48
Corpns, Dom. & Foreign Bonds	2	7	67
Industrials	330	238	919
Financial & Props.	133	89	363
Oils	7	43	77
Plantations	1	0	17
Mines	11	56	89
Others	83	49	98
Totals	603	523	1,678

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Thurs Nov 28 1985

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NAME CHANGE CORRECTION: Carpets International has changed its name to Debron Investments (35)

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Allied-Lyons	301	+ 9
Babcock International	191	− 3
Boots	283	− 9
English China Clays	303	—
Laing (John)	322	−23
Land Securities	313	− 3
MEPC	294	− 5
Pearson	413	+42
Tate and Lyle	585	+10
Thorn EMI	422	−12
Unitech	237	+ 9
United Biscuits	279	+ 6

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
E. China Clays	20	303	+19
Norsk Hydro	19	£13⅞	− 0⅛
Polly Peck	17	163	+ 3
Trafalgar Hse.	15	387	+12
Johnsn. Mthy.	14	145	+18
Gable. & Wire.	13	640	+ 3
Dalgety	15	448	+ 5
Distillers	13	500	+18
Imperial Group	13	245	+12
Racal Elects.	13	148	+ 6
STC	13	96	+ 2
Brit. Aerospace	12	473	+ 2

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$340	33	6.10	—	—	3	20	$327
GOLD C	$360	50	2.50	100	5	—	—	"
GOLD P	$320	—	—	22	6.60	—	—	"
GOLD P	$340	—	—	—	—	100	16	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 45,852

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*576)	500	88	25	—	2	10	—
	550	40	48	68	8	27	33
	600	12	80	60	38	56	55

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*451)	390	73	77	—	6	8	—
	420	48	66	63	6	18	17
	460	20	25	35	30	28	35

[illegible]

November 28 Total contracts 18,516 Calls 8,655 Puts 6,860

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Nov. 28	Price Sch %	+ or —
Creditanst'it ppd	423	-28
Goesser	540	-95
Interunfall	1,830	-80
Laenderbank	415	-90
Perlmooser	760	40
Stey-Daimler	167	-8
Veitscher Mag	570	-40

BELGIUM/LUXEMBOURG

Nov. 28	Price Frs.	+ or —
B.B.L.	2,600	......
Banq. Gen. Lux	8,850	......
Banq. Int.A.Lux	8,100	......
Bekaert	8,520	......
Cimeat CBR	2,810	-10
Cockerill	806	-4
Delhaize	6,710	-240
EBES	5,980	-15
Electrobel	12,160	+850
Fabrique Nat.	9,000	-40
GB Inno BM	4,950	..
GBL (Brux)	2,750	-55
Gevaert	6,000	-150
Hoboken	5,710	+80
Intercom	2,980	-30
Kredietbank	12,000	...
Pan Hldgs	8,930	+30
Petrofina	7,060	+70
Royale Belge	17,760	+50
Soc. Gen. Banq.	4,600	......
Soc. Gen. Belge	2,345	......
Sofina	8,360	......
Solvay	6,310	+310
Stanwick Intl	890	-30
Tractionel	6,920	+170
UCB	5,670	+140
Wagon Lits	4,160	-5

DENMARK

Nov. 28	Price Kr %	+ or —
Andelsbanken	385	+3
Baltic Skand	585	+10
Cop Handelsb'nk	325	+3
D. Sukkerfab	460	......
Danske Bank	378	+8
De Danske Luft.	1,480	......
East Asiatic	528	-1
Forenede Brygg.	1,078	......
Forenede Damp.	291	-2
GNT Hld	616	+10
I.S.S.B.	665	+10
Jyske Bank	740	+10
Novo Inds	1,200	-5
Privatbanken	386	+4
Provinsbanken	476	+6
Smidth (F.L.) B	500	6
Sophus Berend	980	+10
Superfos	368	......

FRANCE

Nov. 28	Price Frs.	+ or —
Emprunt 4½% 1973	1,561	......
Emprunt 7% 1973	7,910	......
Accor	288	-12
Air Liquide	602	+4
BIC	506	+6
Bongrain	1,710	+30
Bouygues	875	-16
BSN Gervais	2,590	+45
CIT Alcatel	1,421	+26
Carrefour	2,882	-8
Club Mediter'n	407	-1
Cie Bancaire	800	+5
Cofimeg	310	+6.8
Damort	2,320	-45
Darty	1,868	+73
Dumez S.A.	848	+28
Eaux (Cie Gen)	780	+8
Elf Aquitane	234	+2
Essilor	2,200	+30
Gen.Occidentale	717	+5
Imetal	80	+1
Lafarge Coppee	673	-7
L'Oreal	2,765	+10
Legrand	2,420	-24
Maisons Phenix	195	-2
Matra S.A.	1,674	+44
Michelin B	1,540	-19
Midi (Cie)	3,695	+15
Moet-Hennessy	2,168	+18
Moulinex	70.40	-2.2
Nord Est	129.60	+1.6
Pernod Ricard	757	-8
Perrier	455	-1
Petroles Fra.	397	-2
Peugeot S.A.	471	+3.5
Printemps (Au)	362	+4.5
Radiotech	397	......
Redoute	1,806	+85
Roussel Uclaf	1,556	+64
Sefimeg	376	-1
Skis Rossignol	1,473	+3
Telemec Elect	2,880	-10
Thomson (CSF)	690	-8
Valeo	513	+13

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

GERMANY

Nov. 28	Price Dm.	+ or —
AEG	225.5	-0.5
Allianz Vers	1,755	+20
BASF	263	-3.5
Bayer	254.5	-2
Bayer.Hypo	458	-5
Bayer-Verein	428	-1
BHF Bank	459	+13
BMW	572	+9
Brown Boveri	996xr	......
Commerzbank	288.5	+1
Cont'l. Gummi	159	+0.5
Daimler-Benz	1,175	-13
Degussa	451	-2
D'sche Babcock	215	+2
Deutsche Bank	685.5	-8
Dresdner Bank	338	-1.5
GHH	218	-5
Henkel	591.5	+6.5
Hochtief	755	+4
Hoechst	253.5	-8.5
Hoesch Werke	164.5	-0.5
Holzmann (P)	486	+4
Horten	225	-6
Hussel	410	-7.8
Karstadt	345	+6.5
Kaufhof	345	+7
KHD	518	-22
Kloeckner	99.7	+0.2
Linde	570	-0.6
Lufthansa	220	-4
MAN	191	-1
Mannesmann	851	-8
Mercedes Hld	1,070	+5
Metallgesell	507	+1
Muench Rueck	9,300	-100
Nixdorf	542	-18
Porsche	1,975	......
Preussag	244	-0.5
Rhein West Elect	193.5	-1.5
Rosenthal	322.5	+2.5
Schering	641	-8
Siemens	650	-6
Thyssen	171.2	-1.6
Varta	267	+7
Veba	970.2	-1
V.E.W.	138	-0.5
Verein-West	559	......
Volkswagen	406	+3.5

ITALY

Nov. 28	Price Lira	+ or —
Banca Com'le	24,500	+5
Bastogi-IRBS	540	+1
Centrale	5,461	+1
C.I.R.	6,350	-74
Credito Italiano	5,160	-45
Fiat	5,016	-35
Generali Assicur.	75,500	+2870
Italcementi	55,000	-400
La Rinascente	1,018	-1
Montedison	2,460	-80
Olivetti	3,830	+75
Pirelli Co	6,600	-160
Pirelli Spa	3,380	......
Saipem	7,325	+183
Snia BPD	4,890	-9
Toro Assic	25,310	-50

NETHERLANDS

Nov. 28	Price Fls	+ or —
ACF Holding	257	+4
AEGON	114.8	+0.2
Ahold	75.4	+0.2
AKZO	138.6	+0.6
ABN	548	-1
AMEV	80.5xc	+0.3
AMRO	99.8	-0.4
Bredero Cert.	200	+4.5
Bos Kalis Westm.	18.5	+1.5
Buehrmann-Tet.	119	-3
Calland Hlgs	28.3	-0.2
Dordtsche Pet'm	175.7	-1.7
Elsevier-NDU	171.7	-1.2
Fokker	75	+2
Gist Brocades	245	+2.5
Heineken	209.4	+5
Hoogovens	75.6	-1.8
Int Mueller	87.3	+0.3
KLM	52.5	+0.2
KNP	114.6	+1.5
Naarden	60.3	+0.2
Nat Ned Cert	81.9	+0.2
Ned Mid Bank	627.5	+9
Nedlloyd	206.8	+1.8
Oce Grinten	383	+3.5
Ommeren (Van)	29.4	......
Pakhoed	78.8	+0.3
Philips	56.4	+2.0
Robeco	81.1	......
Rodamco	135.1	-0.3
Rolinco	73.2	-0.1
Rorento	47.3	......
Royal Dutch	183.2	-2.4
Unilever	385.8	+1.9
VMF Stork	969.9	+0.7
VNU	272.5	+0.6
Wessanen	227	-0.5
West Utr Bank	90.6	......

NORWAY

Nov. 28	Price Kroner	+ or —
Bergens Bank	168.5	-1.1
Borregaard	452.5	+6.5
Christiania Bank	182.5	+3.5
DenNorske Cred	180	+1
Elkem	99.5	......
Kosmos	197	+2
Kvaerner	194	......
Norske Data	455	+6
Norsk Hydro	151	+0.5
Storebrand	295	+1

SPAIN

Nov. 28	Price Pta %	+ or —
Bco Bilbao	419	......
Bco Central	336	-2
Bco Exterior	205	......
Bco Hispano	152	......
Bco Popular	430	-9
Bco Santander	397	......
Bco Vizcaya	674	-6
Dragados	137.5	-6.5
Hidrola	85	-1
Iberduero	108.7	+0.7
Petroleos	143.5	......
Telefonica	140	-11.5

SWEDEN

Nov. 28	Price Kronor	+ or —
AGA	163	-1
Alfa-Laval B	340	-7
ASEA (Free)	340	+19
Astra (Free)	510	-10
Atlas Copco	163	+4
Cardo (Free)	264	-1
Cellulosa	158	-5
Electrolux B	176	-10
Ericsson B	209	-1
Esselte	445	+8
Mo och Domsjo	185	-8
Pharmacia	200	-5
Saab Scania Free	490	......
Sandvik	650	+55
Skandia	300	......
Skan Enskilda	68.6	-1.0
SKF	262	+2
Sonneson	155xr	......
Stora Kopparbrg	172	8
Svea Handlesbe.	911	-2
Swedish Match	322	-1
Volvo B (Free)	302	-12

SWITZERLAND

Nov. 28	Price Frs.	+ or —
Adia Intl.	4,650	-25
Alusuisse	660	-35
Bank Leu	4,250	-35
Brown Boveri	1,920	+20
Ciba Geigy	3,525	-25
do. (Part Certs)	6,940	+15
Credit Suisse	3,470	+80
Elektrowatt	3,350	+75
Fischer (Geo.)	1,175	+15
Hoff-Roche PtCts	15,875	+500
Hoff-Roche 1/10	11,400	......
Jacobs Suchard	7,450	-25
Jelmoli	3,775	-25
Landis & Gyr	6,840	......
Nestle	8,125	+35
Oer-Buehrle	1,355	-50
Pirelli	388	+1
Sandoz (Br)	10,075	+75
Sandoz (Pt Cts)	1,720	......
Schindler (PtCts)	900	-30
Sika	1,810	+80
Surveillance A	5,960	......
Swissair	1,545	+5
Swiss Bank	528	+1
Swiss Reinsce	12,800	-75
Swiss Volksbk	2,420	+10
Union Bank	4,960	+10
Winterthur	4,970	+30
Zurich Ins.	5,725	-85

AUSTRALIA

Nov. 28	Price Aust $	+ or —
ANZ Group	4.76	-0.08
Ampol Pet.	2.20	......
Ashton	1.05	......
Aust. Cons. Ind.	2.84	+0.04
Aust. Guarantee	8.45	......
Aust. Nat. Ind.	2.72	......
APM	2.93	+0.01
Bell Group	11.6	-0.05
Bell Res.	4.8	-0.1
Bond Corp Hldgs	8.92	+0.02
Boral	3.14	+0.01
Bougainville	1.86	-0.51
Brambles Inds	4.25	+0.08
Bridge Oil	2.1	......
B. H. Prop.	8.4	......
CRA	5.36	-0.08
CSR	3.5	-0.1
Castlemaine Tys	6.0	......
Coles (G.J.)	4.2	+0.11
Comalco "A"	1.7	+0.02
Consolidated Pet	0.38	......
Costain Aust.	2.1	......
Dunlop Olympic	2.58	......
Elders IXL	2.98	-0.02
Energ Res.	1.58	......

AUSTRALIA (continued)

Nov. 28	Price Aust $	+ or —
Gen. Prop. Trust	2.09	......
Hardie (James)	5.28	......
Hartogen Energy	2.16	......
Herald W'yTimes	5.86	......
ICI Aust	9.1	......
Jimberlana F.P.	0.25	-0.01
Kia Ora Gold	0.16	......
Lend Lease	6.08	-0.02
MIM	2.5	-0.03
Mayne Nickless	3.2	......
Myer Emporium	5.35	......
Nat. Aust. Bank	4.72	-0.05
News	8.6	......
Nicholas Kiwi	2.26	......
NorandaP'c P/pd	0.67	-0.51
North Bkn Hill	2.18	-0.1
Oakbridge	1.25	......
Pancontinental	1.95	-0.05
Pioneer Conc	9.2	-0.08
Poseidon	5.55	-0.05
Queensland Coal	1.49	-0.01
Reckitt & Colman	3.8	......
Repco	1.55	-0.01
Santos	5.4	......
Smith (Howard)	4.1	......
Thos. Nationwide	2.38	-0.07
Tooth	6.5	......
Vamgas	3.4	......
Western Mining	5.5	-0.03
Westpac Bank	4.58	-0.02
Woodside Petrol	1.27	......
Woolworths	5.30	......
Wormald Intl.	3.8	......

HONG KONG

Nov. 28	Price H.K.$	+ or —
Bank East Asia	23.6	-0.2
Cheung Kong	10.9	-0.2
China Light	14.7	-0.3
Evergo	0.56	-0.04
Hang Seng Bank	46.5	-0.5
Henderson Land	2.12	-0.05
HK China Gas	12.5	......
HK Electric	6.25	-0.05
HK Kowloon Wh.	7.95	......
HK Land	6.4	-0.1
HK Shanghai BK	7.5	-0.2
HK Telephone	9.6	-0.15
Hutchison Wpa	25.9	-0.6
Intnl. City	0.98	......
Jardine Math	12.6	-0.2
New World Dev.	6.25	-0.1
Orient O'seas	1.99	......
SHK Props.	12.4	-0.3
Shell Elect	0.91	......
Swire Pac A	29.2	-0.1
TV—B	6.4	-0.1
World Int. Hldgs.	2.47	-0.03

JAPAN

Nov. 28	Price Yen	+ or —
Ajinomoto	1,090	-30
All Nippon Air	655	+2
Alps Electric	1,660	......
Asahi Chem	760	+1
Asahi Glass	871	+8
Bank Tokyo	730	......
Bridgestone	521	......
Brother Inds	608	+46
Canon	1,100	......
Casio Comp.	1,820	......
Chugai Pharm	894	-5
Daiei	785	+15
Dai-Ichi Kan. Bk.	1,470	-10
Dia Nippon Ink	316	-7
Dai Nippon Ptg	1,270	-80
Daiwa House	881	-9
Daiwa Sec.	781	+3
Eisai	1,250	-30
Fanuc	7,290	+30
Fuji Bank	1,430	-10
Fuji Film	2,020	-20
Fujisawa	818	-1
Fujitsu	1,030	......
Furukawa Elect.	340	+2
Green Cross	2,060	-30
Heiwa Real Est.	850	+29
Hitachi	705	......
Hitachi Credit	1,010	-70
Honda	1,160	-10
Indl. Bk. Japan	3,030	......
Ishikawajima Hr.	160	......
Isuzu Motors	351	+1
Itoh (C)	398	+5
Ito. Yokado	3,070	-20
JAL	6,790	......
Jusco	870	+1
Kajima	475	-15
Kao Soap	988	-11
Kawasaki Steel	155	-2
Kirin	750	+2
Kobe Steel	174	-1
Komatsu	507	-3
Konishiroku	700	-8
Kubota	340	......
Kumagai	736	+12
Kyocera	4,030	......
Marubeni	318	-7
Marui	1,850	......
Mazda Motors	398	+5
Meiji Seika	531	+1
MEI	1,190	......
M'bishi Bank	1,470	......
M'bishi Chem	478	-4
M'bishi Corp	375	+3
M'bishi Elect	344	+2
M'bishi Estate	1,090	-40

JAPAN (continued)

Nov. 28	Price Yen	+ or —
MHI	357	+1
Mitsui Bank	1,690	-20
Mitsui	409	+6
Mitsui Estate	1,000	-20
Mitsui Toatsu	205	-1
Mitsukoshi	639	+4
NGK Insulators	892	-26
Nikko Sec	749	-6
Nippon Denso	1,360	......
Nippon Elect	1,240	+10
Nippon Express	569	-5
Nippon Gakki	1,620	-10
Nippon Kogaku	1,010	+14
Nippon Kokan	151	-2
Nippon Oil	807	4
Nippon Seiko	504	+19
Nippon Shimpan	740	+10
Nippon Steel	153	+1
Nippon Suisan	352	+1
Nippon Yusen	342	-11
Nissan Motor	573	-2
Nisshin Flour	504	......
Nomura	1,020	-20
Olympus	990	-30
Onoda Cement	510	+6
Orient Finance	905	+5
Orient Leasing	2,560	+70
Pioneer	1,590	-10
Ricoh	1,130	......
Sankyo	1,080	+80
Sanwa Bank	1,300	......
Sanyo Elect	398	-1
Sapporo	671	-7
Sekisui Prefab	848	-22
Seven-Eleven	9,080	+190
Sharp	895	-13
Shimizu Constn	375	......
Shionogi	750	-3
Shiseido	1,340	+20
Showa Denko	207	-3
Sony	3,860	+40
S'tomo Bank	1,610	+10
S'tomo Chem	240	-1
S'tomo Corp.	725	+10
S'tomo Elect	980	-4
S'tomo Metal	138	-1
Taisei Corp.	528	-10
Taisho Pharm	549	+8
Taiyo Kobe Bank	718	......
Takeda	883	-2
TDK	4,050	-60
Teijin	499	+4
Tea. Nenryo	1,100	+10
Tokai Bank	990	......
Tokio Marine	899	-1
Tokyo Elect Pwr	2,380	-20
Tokyo Gas	290	-2
Tokyu Corp.	547	-3
Toppan Print	980	-8
Toray	519	-2
Toshiba Elect	358	-9
Toyo Seikan	1,640	-30
Toyota Motor	1,160	......
UBE Inds	207	-2
Victor	1,450	......
Yamaha	642	8
Yamaichi Sec	706	-4
Y'mauochi Phm	2,900	-80
Yamazaki	980	-10
Yasuda Fire	535	+8

SINGAPORE

Nov. 28	Price $	+ or —
Boustead Hldgs.	1.38	-0.1
Cold Storage	2.80	......
DBS	5.55	-0.35
Genting	5.05	......
Haw Par. Bros.	1.95	+0.01
Hong Leong Fin.	2.49	-0.01
Inchape Bhd	1.88	-0.04
Keppel Shipyard	1.14	......
Malay Banking	5.15	+0.05
Malay Utd. Ind	2.09	......
Multi Purpose	0.77	-0.02
OCBC	9.20	......
OUB	2.66	-0.08
Public Bank	1.26	......
Sime Darby	1.43	-0.04
Singapore Press	5.95	+0.15
Straits Trdg.	2.67	......
Tat Lee Bk	2.42	......
UOB	3.36	+0.02

SOUTH AFRICA

Nov. 28	Price Rand	+ or —
Abercom	1.9	......
AE&CI	9.35	-0.05
Allied Tech	61	......
Anglo Am. Coal	62.5	......
Anglo Am. Corp	38.8	......
Anglo Am. Gold	905	-2
Barclays Bank	18.25	-0.50
Barlow Rand	14.3	-0.05
Buffels	81	-2
CNA Gallo	2.0	......
Currie Finance	5.0	......
De Beers	15.4	-0.3
Driefontein	52.75	+1.75
FS Geduld	75	-4
Gold Fields SA	39.25	-0.25
Highveld Steel	5.9	......
Nedbank	9.5	-0.25
OK Bazaars	12.5	-0.5
Protea Hldgs.	2.2	-0.5
Rembrandt	45.75	+0.05
Rust Plat	26	-0.25
Safren	12.5	-0.75
Sage Hldgs.	9.85	+0.1
SA Brews	7.5	-0.5
Smith (CG)	25	......
Tongaat Huletts	6.2	......
Unisec	6.05	-0.05

CANADA

TORONTO

Prices at 2.30pm November 28

Sales	Stock	High	Low	Close	Chng
1700	Canron A	$17¼	16¾	17⅛	+⅛
1100	Cara	$17½	17½	17½	
100	Cara A 1	$17½	17½	17½	
350	Carl OK	$12⅝	12⅝	12⅝	
23500	Carma A	32	31	32	
800	Carolin	295	295	295	+5
5877	Celanese	$10	9⅞	9¾	+¼
120600	Intl Thom	$9¼	9⅛	9⅛	-⅛
2286	Inter Pipe	$44¼	44⅝	44¼	-⅛
51582	Ivaco A 1	$20½	20	20½	+¾
32900	Ivaco B	$20¼	20	20¼	+¼
20700	Jannock	$19	18⅞	19	
2900	Labatt	$31⅝	31½	31½	-⅛
8041	L. Lac	$36⅝	36⅛	36¼	
28459	RyTrco A	$23⅛	22⅞	23	+⅛
11526	Royex	198	191	195	
1700	StL CemA 1	$23¼	23⅛	23¼	+⅛
1000	Sceptre	465	465	465	-5
20650	Scotts I	$29	29	29	+¼
19367	Seagram	$61¾	61½	61¾	-⅛
100	Vulcan Ind	240	240	240	-5
100	Walker A	$16⅝	16¼	16⅝	+¼
19997	Walker R	$33¾	33⅝	33⅝	-¼
1700	Wabume	$15	17⅝	17⅝	-⅛
5550	Wcoast T	$17⅛	17⅛	17⅛	+⅛
30400	Westmn	$12¼	12	12	-⅛
1050	Weston	$103	101½	103	+1½
2721	Woodwd A	$7⅝	7¼	7¼	-⅛

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices November 27

90984	Bank Mont	$34	33¼	33⅝	+⅜
638	BombrdiA	$13	13	13	+¼
1579	BombrdrB	$12¼	12⅛	12⅛	-⅛
750	CB Pak	$23¼	23¼	23¼	-¼
18055	Cascades	$11⅛	11¼	11¼	
6380	ConBath	$17	16¾	17	+⅛
3423	DomTxtA	$14¼	14	14⅛	+¼
106900	Gaz Metro	$12⅛	11⅞	12	-⅛
1801	MntTrst	$16⅛	15	16	-⅛
193078	NatBk Cda	$22⅜	22	22¼	+¼
9440	Power Corp	$20⅞	20½	20⅝	+⅜
23646	Provigo	$15¼	15	15	-¼
17891	Royal Bank	$34¾	34⅛	34½	+¼
36344	RoyTrstco	$23¼	22½	22½	+⅛
7515	StembrgA	$32½	32	32⅜	+⅜

Total Sales 4,486,690 shares

Indices

NEW YORK—DOW JONES

	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	Nov 21	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	closed	1,475.69	1,456.77	1,456.85	1,464.33	1,462.27	1475.69 (27/11)	1184.96 (4/1)	1475.69 (27/11/85)	41.22 (2/7/32)
Transport	closed	683.17	676.97	676.26	682.94	688.67	702.6 (17/7)	553.03 (4/1)	702.60 (17/7/85)	12.32 (8/7/32)
Utilities	closed	164.44	164.69	165.37	166.13	168.03	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol	-	143.6m	123m	81.7m	133.7m	150.3m	-	-	-	-

	Nov 22	Nov 15	Nov 8	Year Ago (Approx)
Ind Div Yield %	4.32	4.46	4.49	4.75

STANDARD AND POORS

	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	Nov 21	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	closed	225.77	223.51	223.89	224.36	224.04	225.77 (27/11)	128.24 (4/1)	225.77 (25/11/85)	3.62 (30/6/32)
Composite	closed	202.54	200.67	200.35	201.52	201.43	201.54 (27/11)	163.68 (4/1)	201.54 (25/11/85)	4.40 (1/6/32)

	Nov 20	Nov 13	Nov 6	Year Ago (Approx)
Ind div yield %	3.57	3.62	3.86	4.07
Ind. P/E Ratio	13.54	13.38	13.10	10.89
Long Gov Bond Yield	9.93	10.02	10.15	11.71

N.Y.S.E. ALL COMMON

Nov 28	Nov 27	Nov 26	Nov 25	1985 High	1985 Low
closed	116.66	115.76	115.93	116.24 (22/11)	94.88 (4/1)

RISES AND FALLS

	Nov 27	Nov 26	Nov 25
Issues traded	2,004	2,012	2,012
Rises	1,022	783	540
Falls	545	780	1,083
Unchanged	437	466	389

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texaco	11,282,400	31¼	-⅛	PSEG	2,366,300	30¾	-⅛
Baxter Trav.	3,281,000	14⅞	+⅛	Prime C'puter	1,826,200	22¼	+1⅛
Amer. Express	2,796,000	45	+⅛	Am. Tel. & Tel.	1,603,600	23½	+⅛
N. Indiana PS	2,621,700	8	—	Warner-Lambert	1,561,200	44	+2
Hosp Cp Amer	2,570,800	34⅞	+⅛	Comw. Edison	1,493,700	29	—

TORONTO	Nov 28	Nov 27	Nov 26	Nov 25	1985 High	1985 Low
Metals & Minls	1,911.5*	1,918.1	1,908.3	1,921.4	2198.7 (13/2)	1748.62 (31/10)
Composite	2,834.2*	2,838.9	2,811.5	2,813.3	2838.7 (21/11)	2348.5 (8/1)
MONTREAL Portfolio	137.98*	137.29	137.04	137.84	139.33 (19/7)	117.88 (4/1)

* Indicates pre-close figure

	Nov. 28	Nov. 27	Nov. 26	Nov. 25	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	991.5	994.6	996.5	1000.6	1052.2 (25/1)	715.1 (7/1)
Metals & Mnls. (1/1/80)	495.0	497.7	498.5	499.1	585.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	115.40	120.37	121.23	119.22	121.85 (26/11)	58.21 (20/1)
BELGIUM						
Brussels SE (3/1/80)	2960.48	2947.38	2983.08	2986.36	2986.36 (25/11)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	220.18	219.78	219.62	237.57 (24/10)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	249.7	248.7	247.9	248.5	249.7 (29/11)	180.9 (2/1)
Ind Tendance (28/12/84)	145.8	142.5	143.1	144.2	144.2 (25/11)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	588.95	587.85	586.74	601.51	601.98 (22/11)	382.39 (3/1)
Commerzbank (1/12/53)	1738.8	1740.0	1765.6	1774.5	1781.4 (4/11)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1685.50	1756.53	1138.35	1156.48	1752.61 (21/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	434.76	432.38	451.48	440.87	434.73 (28/11)	228.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	12741.2	12777.8	12783.1	12783.4	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1006.77	1009.19	1008.27	1008.40	1057.65 (15/7)	915.95 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	238.7	236.1	238.0	238.2	239.7 (28/11)	195.6 (3/1)
ANP-CBS Indust (1970)	215.6	212.9	212.8	214.1	215.6 (28/11)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	400.50	398.54	402.88	406.66	412.86 (12/11)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	695.43	697.51	717.60	725.25	852.65 (7/3)	650.45 (26/11)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1322.5	1248.9	1277.1	1277.1 (25/11)	929.3 (5/8)
JSE Indust (28/9/78)	—	1044.5	1049.2	1045.9	1049.2 (26/11)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	135.61	134.30	134.61	135.78	137.54 (21/11)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1616.84	1510.70	1595.75	1589.51	1611.84 (28/11)	1285.52 (9/7)
SWITZERLAND						
Swiss BankCpn (31/12/58)	538.5	535.9	534.5	535.2	538.68 (22/11)	500.7 (2/1)
WORLD						
Capital Intl. (1/1/70)	-	245.7	244.5	244.7	245.7 (27/11)	184.6 (4/1)

** Saturday November 23: Japan Nikkei (c), TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES			FALLS		
Allied-Lyons	301	+9	BP	568	-14
Blundell-Permo	176	+30	Britoil	220	-15
Cadbury Schw	170	+6	Burton	572	-21
Deritend Stamp	183	+16	Habitat Mother	540	-24
Ex-Lands	28	+14	Harris Queens	270	-12
Goodman Bros	39½	+3	Imperial Group	238	-7
Grattan	380	+14	Laing (John)	322	-23
Hoggett Bowers	58	+7	MEPC	294	-5
Metal Clos	130	+15	Shell Trans	658	-17
Pearson	413	+42	600-Group	99½	-8½
Rothmans Int	138	+5	Smith (WH)	308	-6
Silvermines	130	+4	Ultramar	208	-9
Stothert & Pitt	183	+27	Wimpey (George)	125	-4
Tate & Lyle	585	+10			
Unitech	237	+9			
Utd Bisc	279	+6			
Vantona	460	+18			

Ente Nazionale per l'Energia Elettrica

U.S.$300,000,000

Floating Rate Notes Due 2005

Unconditionally guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8⅛% for the Interest Determination Period 29th November, 1985 to 29th May, 1986. Interest accrued for this Determination Period will amount to U.S.$421·06 per U.S.$10,000 Note and U.S.$10,526·91 per U.S.$250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

U.S. $300,000,000

The Kingdom of Belgium

Floating Rate Notes Due May 2005

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8⅛% for the Interest Determination Period 29th November, 1985 to 30th December, 1985. Interest accrued for this Determination Period and payable on 28th February, 1986 will amount to U.S.$1,789·50 per U.S.$250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Kingdom of Spain

U.S. $500,000,000

Floating Rate Notes due 1999

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 29th November, 1985 to 29th May, 1986 the Notes will carry an interest Rate of 8⅛% per annum.

Interest payable on 29th May, 1986 will amount to U.S. $417·93 per U.S. $10,000 Note and U.S. $10,448·35 per U.S. $250,000 Note.

Morgan Guaranty Trust Company of New York
London
Agent Bank

FINANCIAL TIMES
WORLD STOCK MARKETS

EUROPE

Busy road on the way to peaks

THE ROAD to record peaks was busy again in Europe yesterday although the ahsence of many foreign huyers, largely US investors, tended to deflate the level of activity on some of the exchanges.

Amsterdam enjoyed the carry-over of sentiment from the record overnight performance on Wall Street and the ANP-CBS General index gained 1.6 to an all-time high of 239.7.

Internationals were mixed with Royal Dutch caught between the twin pressures of a lower dollar and weaker oil prices. The group eased Fl 2.40 to Fl 183.20.

Akzo, recently unsettled by court developments in the US, firmed 60 cents to Fl 138.60 after details of its hid to take over the UK paints group Blundell-Permoglaze.

Late selling pressures developed among the financials with ABN easing Fl 1 to Fl 548 although NMB stole the show with its Fl 9 jump to Fl 227.50.

Amro turned 40 cents lower to finish at Fl 99.80. The bank suggested that its troubled Voskamp subsidiary would not pose a problem during the current year because provisions had been made previously against Amro earnings for a possible Voskamp failure.

A sense of *déjà vu* prevailed in Zurich as hank shares recorded solid gains intertwined with profit-taking and a late flurry of buying in much the same fashion that occurred on Wednesday.

The Swiss Bank Industrial index scored a relatively large 3.5 point rise to an all-time peak of 538.6 while other leading sub-indices scored record highs.

Domestic private and institutional investors took over from foreign buyers although support tended to be patchy and quite selective with Nestlé and Sandoz the most active. The former added SFr 35 to SFr 8,125 while the latter managed to pick up SFr 75 to SFr 10,075.

Brown Boveri was a focus of attention again ahead of its statement on Monday about plans for the future of its 56 per cent-owned West German subsidiary. The engineer posted a modest SFr 20 rise to SFr 1,920.

The introduction of a new structure for bourse fees, which would have allowed free negotiation for deals in Swiss bonds and shares of more than SFr 2m, has been delayed until the end of the year, because of computer delays. The scheme, originally due to take effect on Monday, will replace current fixed commission of ⅝ of 1 per cent with a staggered structure allowing Swiss banks to compete more freely on large contracts.

Milan staged a mid-session rebound from early weakness to settle at another record level as the Banca Commerciale index put on 2.35 more to 434.73.

Insurers were again active. Generali managed an impressive L2,310 rise to L73,500 and posted further gains in after-bourse trading. Ras, however, turned L1,450 cheaper at L135,050 while Toro eased L50 to L23,310.

Among banks, Mediobanca's reappointment of Mr Enrico Cuccia to the board and consideration of its privatisation plans merited a L600 recovery to L136,000. BNA inched L10 higher to L7,000.

Frankfurt succumbed to an overwhelming dose of lethargy with corporate news failing to trigger any investor response while the weaker dollar tended to keep some operators close to the sidelines. The Commerzbank index fell 4.0 to 1,736.0.

BASF declined DM 3.50 to DM 263 despite a 33 per cent surge in nine-month profits. Deutsche Bank's 10-month figure, although very strong, did not impress and the bank shed DM 8 to DM 685.50.

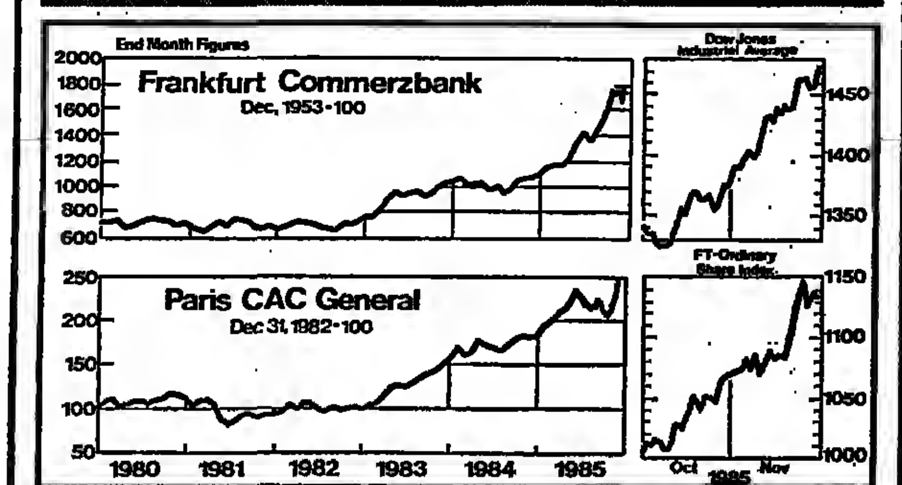
BMW, raising its stake in Loewe Opta with a share purchase from Dresdner Bank, added DM 2 to DM 572.

Bonds were quiet with technical rises of up to 10 basis points. The Bundesbank sold a small DM 2m of paper after purchasing DM 11.4m on Wednesday.

Brussels recovered briskly from the lower trading zones earlier this week while records were set in Paris and Stockholm. In the latter, bourse chief Mr Bengt Ryden criticised the unsettled nature of the Swedish stock market and urged investors to behave more responsibly in order to avoid further political regulation.

Madrid closed lower in quiet trading.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 28	Previous	Year ago
DJ Industrials	closed	1,475.69	1,205.39
DJ Transport	closed	683.17	528.91
DJ Utilities	closed	164.44	145.0
S&P Composite	closed	202.54	165.02
LONDON	Nov 28	Prev	Year ago
FT Ord	1,133.0	1,138.9	925.8
FT-SE 100	1,429.3	1,438.0	1,187.5
FT-A All-share	692.64	695.04	563.20
FT-A 500	761.17	764.68	814.06
FT Gold mines	288.9	299.0	550.5
FT-A Long gilt	10.27	10.28	10.13
TOKYO			
Nikkei	12,741.19	12,777.84	11,248.1
Tokyo SE	1,006.70	1,009.10	852.93
AUSTRALIA			
All Ord.	991.5	994.6	751.2
Metals & Mins.	493.0	497.7	441.0
AUSTRIA			
Credit Aktien	115.4	120.37	58.52
BELGIUM			
Belgian SE	2,960.48	2,947.39	—
CANADA	Nov 28	Prev	Year ago
Toronto			
Metals & Minls	1,911.5	1,918.1	1,918.0
Composite	2,834.2*	2,830.8	2,384.9
Montreal			
Portfolio	137.68*	137.29	118.43
DENMARK			
SE	n/a	224.18	168.78
FRANCE			
CAC Gen	249.7	248.7	181.5
Ind. Tendance	143.8	142.5	100.2
WEST GERMANY			
FAZ-Aktien	588.95	587.85	373.23
Commerzbank	1,736.0	1,740.0	1,091.6
HONG KONG			
Hang Seng	1,685.50	1,706.38	1,118.63
ITALY			
Banca Comm.	434.73	432.38	217.17
NETHERLANDS			
ANP-CBS Gen	239.7	238.1	179.4
ANP-CBS Ind	215.6	212.9	140.8
NORWAY			
Oslo SE	400.30	398.54	275.79
SINGAPORE			
Straits Times	695.43	697.31	832.88
SOUTH AFRICA	Nov 28	Prev	Year Ago
JSE Golds	–	1,222.5	1,044.2
JSE Industrials	–	1,044.6	977.0
SPAIN			
Madrid SE	133.61	134.3	102.5
SWEDEN			
J & P	1,611.84	1,610.70	1,364.89
SWITZERLAND			
Swiss Bank Ind	538.6	535.9	376.3
WORLD	Nov 27	Prev	Year ago
Capital Int'l	245.7	244.5	183.9

COMMODITIES

(London)	Nov 28	Prev
Silver (spot fixing)	418.35p	422.80p
Copper (cash)	£929.00	£934.50
Coffee (Jan)	£1,860.50	£1,867.50
Oil (spot Arabian Light)	$27.85	$27.95

GOLD (per ounce)

	Nov 28	Prev
London	$326.50	$328.50
Zürich	$326.65	$328.40
Paris (fixing)	$328.54	$332.24
Luxembourg	$327.00	$330.50
New York (Dec)	closed	$325.70

CURRENCIES

(London)	U.S. DOLLAR Nov 28	U.S. DOLLAR Previous	STERLING Nov 28	STERLING Previous
$	—	—	1.477	1.474
DM	2.5285	2.542	3.735	3.7475
Yen	201.5	201.0	297.5	296.25
FFr	7.72	7.745	11.4025	11.415
SFr	2.088	2.09	3.085	3.08
Guilder	2.844	2.857	n/a	4.21
Lira	1,711.0	1,717.0	n/a	2,530.5
BFr	51.25	51.55	n/a	76.0
C$	1.37775	1.37815	n/a	2.0326

INTEREST RATES

Euro-currencies (3-month offered rate)	Nov 28	Prev
£	11⅝	11⅝
SFr	4⅞	4⅞
DM	4⅝	4⅝
FFr	9⅝	9⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8⅛
6-month U.S.$	8⅛	8⅛
U.S. Fed Funds	closed	7⅞
U.S. 3-month CDs	closed	7.80
U.S. 3-month T-bills	closed	7.15

U.S BONDS

Treasury		Nov 28* Price	Nov 28* Yield	Prev Price	Prev Yield
8⅜	1987	closed	–	100⅞	8.50
9⅜	1992	closed	–	101	9.48
9½	1995	closed	–	99	9.64
9⅞	2015	closed	–	99	9.91

Treasury Index Maturity (years)	Nov 28* Return index	Day's change	Yield	Day's change
1–30	closed	–	9.18	–
1–10	closed	–	8.91	–
1–3	closed	–	8.44	–
3–5	closed	–	9.13	–
15–30	closed	–	10.15	–

Source: Merrill Lynch

Corporate	Nov 28* Price	Nov 28* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	closed	–	102⅜	9.70
3⅜ July 1990	closed	–	84⅜	7.85
8⅜ May 2000	closed	–	87⅜	10.48
Xerox				
10⅜ Mar 1993	closed	–	102⅜	10.17
Diamond Shamrock				
10⅜ May 1993	closed	–	100	10.675
Federated Dept Stores				
10⅜ May 2013	closed	–	96⅜	11.15
Abbot Lab				
11.80 Feb 2013	closed	–	104⅜	11.25
Alcoa				
12⅜ Dec 2012	closed	–	104½	11.70

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	81–09	81–16	80–19	80–26
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.96	93.00	92.92	92.95
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.28	92.32	92.25	92.29
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.97	92.00	91.96	91.97
20-year Notional Gilt £50,000 32nds of 100%				
Dec	112–25	113–03	112–21	112–31

* Latest available figures

LONDON

Early gains succumb to profit-takers

HOPES that investment demand would revive after the recent lull buoyed early trading in London yesterday. But by mid-session a burst of profit-taking erupted and prices began to slide.

Finally, the FT Ordinary share index settled 5.9 lower at 1,133.0.

Funds available for new investment were limited, depleted by the oversubscribed Laura Ashley issue.

Selected high-flying stores groups fell back. Habitat Mothercare dropped 24p to 540p, Burton 21p to 572p and Harris Queensway 12p to 270p.

Sterling's continued firmness gave support to gilts, although demand soon dried up and prices later struggled to hold their gains.

Chief price changes, Page 31; Details, Page 30; Share information service, Pages 28–29

SINGAPORE

SHORT-COVERING on the final day of the current settlement month in Singapore helped prices recover some of their early heavy losses and stocks ended only marginally lower for the eighth consecutive session.

The day's best performers were those stocks most severely mauled by the week-long Pan Electric crisis. A consensus has still not yet been reached on a rescue plan for the debt-stricken group.

The Singapore Airlines public offering was oversubscribed 2.6 times.

AUSTRALIA

THE BEARISH tone continued in Sydney yesterday where a dull market was briefly enlivened by special sales of BHP stock totalling A$87.8m.

A parcel of 8m BHP shares was sold at A$8.80 with Bell Group chief Mr Robert Holmes à Court rumoured to be the buyer and 2m crossed at A$8.40 with the head of Adsteam Mr John Spalvins the possible purchaser.

BHP ended steady at A$8.40 after trading as low as A$8.34.

Mining issues were lower across the board. CRA lost 8 cents to A$5.36, Western Mining 3 cents to A$3.30 and North Broken Hill shed 10 cents to A$2.18.

HONG KONG

HEAVY afternoon selling pushed Hong Kong lower and the Hang Seng index shed 20.88 to 1,685.50.

After the market closed, Cathay Pacific, the colony's flag carrier, announced that it will make a public offer in the first half of next year.

The price of Swire Pacific, majority shareholder in the airline group, has surged recently on rumours of the public flotation hut yesterday dropped 10 cents to HK$29.20. Hongkong Bank, which has the remaining 30 per cent stake in Cathay Pacific, was 20 cents lower at HK$7.50.

SOUTH AFRICA

AS A RESULT of the weaker bullion price, shares closed easier in Johannesburg.

Kloof lost 75 cents to R21 and Welcom shed a similar amount to R21. Buffels dropped R2 to R80 while Driefontein ended R1.75 lower at R52.75.

Free State Geduld, suspended last week to allow talks over a proposed merger of its mines, shed R4 to R75.

CANADA

THE HIGHER trend continued in Toronto yesterday after Wednesday's solid 19 point climb to near record heights.

Utilities registered the strongest gains with Bell Canada trading C$⅜ higher at after raising its quarterly dividend. Bell's 52 per cent owned Northern Telecom was also moving upwards, adding C$⅜ to C$45⅜.

Most sectors showed narrow advances in Montreal.

US MUTUAL FUNDS

The sucker may prove to be a sage

THE SOARING US stock markets have prompted record buying of mutual funds by the small private investor, who has switched his preference from the money market to common stock funds, *writes Terry Byland in New York.*

October sales of mutual funds were the highest monthly figure on record at $12.3bn, lifting sales so far this year to $89.3bn.

In 1984, when the stock market was moving with uncertainty, mutual fund sales totalled only $45.9bn. With the US stock markets still pounding ahead, this year's total sales seem certain to be more than double the 1984 total.

Moreover, the October sales figures indicated that investors were moving back into those funds investing in common stocks and reversing the trend of previous months.

Many mutual fund sales effectively represent investment of individual retirement accounts (IRA) which US citizens are allowed to create under favourable tax legislation.

During the years of high interest rates, many IRA accounts were invested in money market funds, which in turn invested in the range of short-term money market instruments, including bank certificates of deposit and Treasury bills.

Money market account rates are now at their lowest level since 1980 and many private investors have evidently been attracted by the upward surge in stocks, which has carried the Dow average through the 1,400 level and onward towards 1,500 almost without a pause.

More than 60 per cent of the October sales were, however, still in the long-term income funds which appeal to investors, to whom their mutual fund is effectively a private pension scheme.

For investors seeking this kind of investment, it was the government income funds and the long-term municipal issues which remained the most attractive.

These investment vehicles have now been joined by the mortgage-backed security, one of Wall Street's most rapidly growing business divisions. These offer a predictable long-term cash flow based on mortgage repayments. Highly favoured in this sector were funds investing in the pass-through certificates issued by the government National Mortgage Association.

Wall Street was closed yesterday for the Thanksgiving Day holiday.

The swing back to equity funds suggests that private investors have shown a little more wisdom than they are sometimes credited with. In October, with the Dow average around 1,350, investors in equity mutual funds were investing in a stock market which still had a long way to advance.

In the past, the private investor, especially the kind of unsophisticated investor who buys mutual funds, has been satirised as the sucker who always buys in at the top and then, crestfallen, sells out when his investment, and the market, have hit the bottom.

In fact some analysts claim that a record in equity mutual fund sales is a bear signal, telling the canny investor to run for cover. It is true that mutual fund sales, which slump in bear markets, have taken a long time to catch up with the present bull market on Wall Street.

There have been signs that the stock market may be suffering from a surfeit of ready cash. On Wednesday, when the professionals expected a quiet session before departing for the Thanksgiving holiday, stock prices suddenly burst ahead in heavy trading.

There were some extraordinary gains in sectors which had already risen sharply on perfectly justifiable investment criteria

Pharmaceutical stocks, for example, have been strong ever since the group of five finance ministers disclosed their plans to lower the dollar. But Wednesday saw Merck, Pfizer, Upjohn, Bristol-Myers and most of the well-known names suddenly heading higher.

When the time comes to write the obituaries on the great bull market of the mid-1980s, the financial historians will be ahle to tell us whether the mutual fund investor got into the market too late – or just in time.

TOKYO

Worried by uncertain rate trend

SMALL-LOT SELLING continued to depress large capital, hlue chip and hudget-related issues, driving share prices moderately lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Despite Wall Street's overnight rise to a new high, institutional investors and business corporations shied away from entering the market because of uncertainty over the outlook for interest rates at home and abroad. Speculators sought incentive-backed issues to obtain short-term capital gains.

The Nikkei average shed 36.65 from the previous day to 12,741.19. Volume decreased to 379.70m shares from Wednesday's 501.99m. Declines outnumbered advances by 443 to 372, with 137 issues unchanged.

Citizen Watch, which had formed a business tie-up with Arimura Institute of Technology for the manufacture and sale of integrated circuit cards, topped the active list with 20.09m shares changing hands and rose Y15 to Y530.

Oki Electric advanced Y10 to Y740 on lingering rumours of a capital or business tie-up with IBM and Nippon Telegraph and Telephone. The issue was the second busiest with 15.50m shares traded.

Nippon Sheet Glass, third with 10.09m shares, gained Y9 to Y650 on reports that it will participate in a new joint company to be set up with Hoya and a government corporation for the development of optical memory devices. But Hoya fell Y20 to Y2,270.

Investor interest in large capital stocks remained weak.

The bond market started nervously following the Bank of Japan's request on Wednesday for banks qualified to deal in government and other public bonds to submit daily reports on volumes traded.

Later, however, expectations for further falls in US interest rates grew, improving the market's mood.